Daily Report

Latin America

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Cuba

'Irrational' U.S. Policy Criticized

PA0607212095 Havana PRENSA LATINA in Spanish 1806 GMT 6 Jul 95

[FBIS Translated Text] Havana, 6 Jul (PL) — The U.S. blockade against Cuba is the core of the irrational policy Washington maintains toward the island and it must be changed, a Cuban Foreign Ministry spokesman stated here today.

At a news conference, Rafael Dausa of the Foreign Ministry's North American Directorate referred to reports from Washington about a possible U.S. decision to ease some of the restrictions imposed against Cuba on 20 August 1994.

The lifting of these measures, he added, would merely restore relations to the status they had on 19 August and nothing more, he noted.

Current U.S. regulations prohibit Cuban emigres who live in the United States from visiting relatives in Cuba or from sending aid by means of remittances. These regulations were issued following the 1994 rafters crisis.

In any case, Dausa explained, Cuba will only react to definite actions taken by the U.S. Administration that alter the unjust and irrational policy against Cuba, but it will not react to unconfirmed reports disseminated in this regard.

In response to a question, Dausa pointed to the clear lack of a broad-based consensus, to say the least, within the U.S. Congress regarding the approval of the Helms-Burton bill, which is seeking to intensify the siege on Cuba.

This bill's greatly touted easy passage in Congress has not taken place, and the initiative has met resistance from members of Congress and the international community which has exposed the bill's evil intentions, Dausa noted.

Meanwhile, Dausa confirmed that Deputy Foreign Minister Fernando Ramirez de Estenoz and Nicolas Rodriguez, Cuba's ambassador in Buenos Aires, will head the Cuban delegation attending Argentine President Carlos Menem's inauguration ceremonies.

Dausa also noted that Syrian Deputy Foreign Minister Ruslan Arluche [name as received] will arrive in Havana on an official visit on 15 July. He added that a delegation led by Tokio Sexuale [name as received], governor of the South African province of Gauteng, in which the cities of Johannesburg and Pretoria are located, will arrive on 25 July.

Spokesman on Postponement of Helms Bill Debate

PA0707013995 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jul 95

[Report by Maria Elena Samper from the "Evening Information Review" newscast]

[FBIS Translated Excerpt] [Passage omitted] Meanwhile, Cuban Foreign Ministry spokesman Rafael Dausa underscored the fact that debate in the U.S. Congress on the Helms-Burton bill has been postponed for a fourth time.

[Begin Dausa recording] I do not think we should yet proclaim victory. They still have many resources. What has been displayed is worldwide rejection — the rejection of numerous individuals and groups in the world, even in the United States. Of course, the bill has been repudiated and criticized by all of our people. [end recording]

Finally, Dausa said the recent visit of Carlos Castillo Peraza, president of Mexico's National Action Party, proves that relations between the two countries are firm and have traditionally been above any political differences.

Commentary Questions Clinton Videotape to Cuban-Americans

PA0707034695 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jul 95

["Station commentary" by Norberto Hernandez Valdes from "The Evening Information Review" newscast]

[FBIS Translated Text] Demonstrations of dissent organized by ultraright Cuban immigrants in Florida against the immigration agreements between Washington and Havana have been neither numerous nor representative, but they have been rather noisy, because these groups control most of the local media.

They also have the support of the most radical Republican senators, who now have an ample majority in both houses of the U.S. Congress. It is well-known that the most radical immigrant sectors receive the greatest support during Republican administrations. The most notorious example has been the support for the Cuban-American Foundation, the main core of the mafia groups that have turned the anti-Cuban counterrevolution into a lucrative business. Their loud protests, now diluted by time and the lack of widespread support among emigres, probably worried President Clinton, who is seeking reelection, and this, apparently, is the reason for the videotaped message the President recently sent to the emigres in Florida.

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After explaining the immigration agreement signed with Cuba, President Clinton assured them of the continuation of the economic blockade and the harassment policy against the island — a policy that has been a failure for the past 36 years. The goal of forcing the Cuban people to surrender, to turn their backs on the revolution, and to subordinate themselves to U.S. interests is truly far-fetched. To insist on this is the worst kind of politics.

The Cuban revolution's program, which is full of fair and popular demands, had to oppose head on, as a historical necessity, the United States' protectionist control, which has been the traditional obstacle to the Cuban people's hopes of social justice and patriotic vindication.

Instead of intelligently understanding this situation and respecting Cuba's sovereign rights and national dignity as a nation and a state, eight successive U.S. Administrations have waged war on the Cuban revolution and attempted to economically strangle this small Caribbean nation to force it into submission.

The bourgeoisie who emigrated from Cuba on the heels of Batista's tyrannical assassins and embezzlers, began a new life in the United States and created within U.S. territory a community similar to the one destroyed by the revolution. This community was able to thrive because of its Cuban roots and the international political atmosphere.

Nevertheless, the predominant ideology within this community is no longer the recalcitrant, obscure, and enraged opposition of those displaced from political and economic power in Cuba. President Clinton, however, continues to behave in accordance with the reactionary and revanchist ideas of earlier days, which is in keeping with the wanton Helms-Burton bill to reinstate colonial domination over Cuba.

Recently conducted polls among Cuban emigres show that most would like relations between the two countries to normalize to enable the Cuban family to finally reunite.

Only the Cuban counterrevolution's adventurers, fortune hunters, mafiosi, and opportunists are insisting on the continuation of the blockade and the harassment of Cuba, which they hope will prompt the eventual fall of the revolutionary regime and allow them to return like a horde of pillagers to divvy up the country as they did in the past. Vain are the hopes of those pirates and their sponsors. Cuba is prepared to sink in the sea before surrendering its flag.

President Clinton should know that political power in Cuba is held by the Cuban people living on the island, and it is with them that he must hold a dialogue on equal footing if he truly does not want to continue harming the international reputation of his great country.

Castro Notes Mexican Financial Crisis, Impact on Cuba

PA0607165095 Mexico City NOTIMEX in Spanish 0338 GMT 6 Jul 95

[FBIS Translated Text] Havana, 5 Jul (NOTIMEX) — Cuban President Fidel Castro today recognized that Mexican President Ernesto Zedillo is making "a big effort" to face the economic and financial crisis in that country. "I see a man making a big effort to find a solution to the problems" of Mexico, Castro said, responding to question from reporters. "I see a man fighting." "I think all Mexicans want their economic program to be successful," he said. "All Mexicans, in one way or another, are suffering the consequences of the crisis."

Castro spoke with reporters upon receiving Carlos Castillo Peraza, president of the opposition National Action Party (PAN), at the Palace of the Revolution. Castillo Peraza is on the second day of his working visit to Cuba.

With regard to Mexico's ties with the United States, Castro recalled that "it has always been said that one must be careful in the relations with such a powerful neighbor (...) one must be careful with the bear hug." He stressed that "only time, only history" will reveal the effects of the North American Free Trade Agreement.

On the course of the Mexican economic situation, Castro noted: "Even the most expert indiviuals are only making conjectures. When the crisis emerged in Mexico, the most prominent experts had diverse opinions about the causes." "These are new phenomena in the world; no school of economy had foreseen them," Castro indicated.

In Mexico, "all social sectors want the situation solved and that helps the political process," the Cuban president remarked. "Mexicans are fighting and going through a difficult moment which worrie us because of the feelings of affection and sympat[h]e have for Mexico. We are not going to make any r[e]ndations, but we do wish them success in overc[o]ming their difficulties," Castro stated.

With regard to bilateral relation[s] he said that Zedilo has been "friendly" with Cuba, but [that] the crisis in Mexico slows down economic relation[s] with the island.

Castro received Castillo Peraza in private. A dinner was scheduled after the talks at the Council of State building.

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Castro on Mexican Politician's Visit

PA0707032395 Havana Radio Havana Cuba in Spanish 0000 GMT 7 Jul 95

[Report by Isidro Parrales from the "Evening Information Review" newscast]

[FBIS Translated Text] On Wednesday [5 July] evening, Cuban head of state Fidel Castro received Mexican National Action Party [PAN] President Carlos Castillo Peraza at the Council of State facilities. Today, Castillo is concluding a one-week official visit to our country at the invitation of the supreme Cuban leader. During talks, which were carried out in a friendly atmosphere, Fidel Castro and Carlos Castillo discussed issues in their respective countries and bilateral ties.

Just before the dialogue began, the Cuban president held a brief meeting with Cuban and foreign media covering the session.

[Begin recording] [Castro] I am very satisfied with this visit. We already had a visit by a delegation of senators. We talked extensively with them, and on that occasion it was agreed that an invitation would be extended for Castillo Peraza's visit. I think it is a very interesting issue because, obviously, we did not previously have relations. I recall that when I visited Mexico for the change of government, we were talking with various parliamentary representatives at a meeting. I said: Well, it is impossible for us to be here and [words indistinct]. Why not go to Cuba? We will talk more leisurely there. That is what they did and the [word indistinct] occurred. Obviously, for me... [pauses] historically, we did not have relations — you understand Mexican history and the role of each of the parties better than I do — and we felt we were somewhat distant.

I think we have a better understanding of the party's decisions and the party's evolution throughout the years. It is a new and interesting element for use. The truth is that I think this is a step forward, which guarantees and strengthens the historical relations we have with Mexico. We have had good relations with Mexico, the people and the country, but we did not have them with all of the political groups. This is an opportunity to exchange opinions, viewpoints, get to know one another better, and it is an opportunity to further strengthen relations with that country.

[Reporter] Sir, the PAN has achieved progress in Mexico.

[Castro] What did you say?

[Reporter] The PAN has achieved considerable progress.

[Castro] Yes, that is undeniable. This can be surmised from the electoral figures, the elections, the progress achieved in the (?victories) in government, and the electoral victories achieved in various states. It is a phenomenon that must be observed with great interest.

[Reporter] They claim they will rise to power in 2000. This could be the groundwork for relations between the Cuban Government and the Mexicans.

[Castro] It would sound opportunistic if I said we have relations and contacts. They were so spontaneous — just as I have told you — during my visit to Mexico, the last time.

[Reporter] Commander, why does the Cuban Government now receive parties representing different ideologies? One might think that the revolution has shed its ideology [desideologizado].

[Castro] All of our life we have received parties with different ideologies, or all kinds, and those who have not come to talk with us have refused because they did no want to talk with us. Obviously, I am speaking in general terms; I am speaking about ideologies. We would not have relations with, let us say, repressive political forces or such. Nevertheless, these are political parties with the most diverse ideologies. They think quite differently, and yet we have had relations, and not only with communist or socialist parties.

[Reporter] [Words indistinct]

[Castro] For example, Chile. Chile has a wide range of political ideologies and we have relations with practically all of the Chilean parties. In the past... [pauses] the world has changed. We are not the ones who have changed. [chuckles] The world has changed. I want to tell you that a larger number of political organizations... [pauses] this is logical after the Cold War ended. The Cold War divided nations and parties. Now the Cold War is over, and now there is more curiosity and rapprochement in the world, and among the different political groups. Take the case of [name indistinct]. He is the president of the region of Galicia, the land of my parents — of my father. He has visited Cuba, and various Spanish parties, representatives of various parties, have visited here.

[Reporter] It has been said the world has changed. Mexico has changed. How do you view this situation?

[Castro] I think no one can escape changing this or that way, or in this or that sense. I see Mexico struggling, and I see the Mexicans struggling and going through a difficult moment that, of course, is a source of concern for us because of our feeling of love and sympathy for Mexico. We know it is going through difficult times.

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We are not going to recommend [words indistinct]. The best we can do is to hope that you overcome the difficulties you are going through. You have serious difficulties, but we are going through a more difficult situation. Your difficulties are nothing like ours. You have oil, gas, and many other things. We have none of that. We have no resources. We are also facing a U.S. blockade. So we are in a position to talk at length about difficulties. However, we can understand other people's difficulties.

To a certain extent we are better prepared than the Mexicans in this regard. The Mexicans have had a better standard of living than us. You have more resources, more wealth.

[Reporter] What will your other Mexican friends, the PRI [Institutional Revolutionary Party] and the PRD [Party of the Democratic Revolution], say about you strengthening relations with a center-right party such as PAN?

[Castro] It depends. I have read statements about PAN. Some say it is a center-right party, while others say it is a center-left group that is very concerned with social problems. Anyway, the fact it is sending a delegation here, under the circumstances we are facing, is very fulfilling and deserving of our recognition.

Likewise, how could I question the PRI's relations with other organizations, with the United States, with the Democratic Party, with the Republican Party, or with Johnson, or Bush, or Reagan? I cannot question the PRD either for having relations with the Democratic Party in the United States or with other political parties. They would never question our relations. I am certain that they have absolute respect for, as well as understand, the right we have to maintain relations [words indistinct] as possible. They know that this does not harm Mexico at all. This makes foreign policy and relations with Cuba more general. [sentence as heard] PAN is opposed to the economic blockade against Cuba. It has fought it bravely and openly, and we appreciate this.

Here is one point on which all Mexican political parties agree — their opposition to the blockade.

As a neighbor, we have a country dearly and historically close to us, a neighbor with whom we get along, and it is very important for us to know Mexico well and to understand Mexico well.

We deeply appreciate, we really appreciate very much, the fact we can have this broad relationship with Mexico's political forces.

Mexican Party Leader Interviewed on Castro Meeting

FL0607191895 Havana Cuba Vision Network in Spanish 1630 GMT 6 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Following a two-day visit to Cuba, Carlos Castillo, president of Mexico's National Action Party, departed a few moments ago. Just before his departure, Castillo held an interview for our program at the Jose Marti International Airport.

[Begin recording] [Unidentified correspondent] I would like your opinion of your meeting with Commander in Chief Fidel Castro.

[Castillo] The first thing I would like to point out is that it was the first time we had ever met. We both made an effort to understand each other's point of view, which are not necessarily the same. There was a willingness to see how these differences could lead to a common view that would benefit Cuba, Mexico, and Latin America as a whole. Each other's reality was a discovery for both of us. We were able to achieve this, and focused on what we have in common, which is our respective country's desire for continental integration, presenting a dignified attitude to the world, and each listening to the other's opposing opinions.

[Unidentified correspondent] You met with several officials of various generations. What is your opinion?

[Castillo] I observed more open-mindedness among the older, and more prudence among the young. However, in the younger, I noticed a great deal of seriousness and a sense of political and national responsibility, which I think is exemplary. [end recording]

Robaina Opens 11th Session of Cuban-Mozambican Commission

PA0607170395 Havana PRENSA LATINA in Spanish 1758 GMT 5 Jul 95

[FBIS Translated Text] Havana, 5 Jul (PL) — At the inauguration of the 11th Session of the Cuban-Mozambican Joint Commission in Havana, Cuban Foreign Minister Roberto Robaina said that no outside force will prevent his country's cooperation with Maputo, the Mozambican capital.

In the event, also presided over by Mozambican Foreign Minister Leonardo Santos Simao, who arrived in Havana on 4 July, Robaina said the Mozambican delegation has visited Cuba at a time that is special for his country because Washington attempts to tighten the blockade against Cuba.

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"They (the United States) will not prevent Cuba's friendly hand from continuing to cooperate with Mozambique," Robaina said. He also said that 6,000 Cuban experts in several fields worked in Mozambique for several years and that 2,500 Mozambicans graduated in Cuba as specialists, fact that Cuba feels proud of. Robaina went on to say that this joint session was intended to increase exchange in important fields such as health, education, and trade.

In turn, Santos Simao thanked the assistance that Cuba offered Mozambique in its most difficult times. The Cuban people's solidarity inspired and gave strength to Mozambique to fight off adversities, he added. He also said that both sides will revise the present status of their relations. Santos Simao agreed with Robaina's call to be imaginative and seek new projections, with no fear of the risk, in bilateral economic ties and forms of cooperation.

Santos regarded the Cubans as an essential part of of the victory over South Africa's segregationist regime. He linked Cuba to the peace that now looks attainable in Angola. He stated his satisfaction on this new visit to Cuba and recalled that since 1988 he has been working with nationals in the field of health and as president of the joint commission.

"I am persuaded that the forces that oppose the progress of the two countries have failed," he said and described the existing political will between the two countries as unbreakable.

Vietnamese Officials Express 'Complete Support'

FL0707015595 Havana Radio Reloj Network in Spanish 1933 GMT 6 Jul 95

[FBIS Translated Text] Vietnamese political and government leaders today stressed their complete support for Cuba and their understanding of the obstacles that Cubans must confront. They made these statements in Hanoi during their welcome to Cuban Agriculture Minister Alfredo Jordan.

Do Muoi, Vietnam Communist Party general secretary, stated that the current world situation has created new problems, and there is no alternative to progress but to continue being resolute, and to work shoulder to shoulder.

Do Muoi expressed interest in the Cuban economic situation and highlighted the need for unity between Vietnam and Cuba.

France To Increase Annual Credit Line

FL0707015495 Havana Radio Reloj Network in Spanish 2300 GMT 6 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] The annual line of credit granted by France to Cuba for the purchase of food and other products will increase from $120 to $140 million a year.

On the 206th anniversary of the French Revolution, French ambassador to Cuba, Jean Raphael Dufour, told the press that bilateral relations are broad and France has discovered the Cuban market's potential. Dufour pointed out that two French business delegations have traveled to Cuba so far, opening the doors to new investment.

France To Resume Nuclear Testing in South Pacific

FL0607211695

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1600 GMT on 30 June carries its regularly scheduled "Straight Talk" program, featuring a discussion of France's recent decision to resume nuclear testing, between journalist Eddie Jimenez and program host Osvaldo Rodriguez.

Rodriguez opens the program by stating that the European community was appalled by France's decision to resume nuclear testing on Mururoa Atoll because a world moratorium on nuclear testing was initiated following the agreement between the Soviet Union and the United States during the SALT talks.

Jimenez states that the entire world is appalled by and condemns France's decision to conduct eight nuclear tests between September 1995 and May 1996 in the South Pacific. He indicates that New Zealand and Australia had "recalled their ambassadors from Paris, and frozen all military ties with France," noting that the Pacific coastlines of Chile and Peru are relatively close to the test site. Jimenez goes on to point out that the tests, conducted thousands of km from France, demonstrate a "disregard for the regional inhabitants who will face environmental damages and health risks." Jimenez notes the danger of a chain reaction, prompting other nuclear superpowers to also resume testing programs, citing a nuclear test conducted in China on 15 May. Jimenez indicates that the United States and Russia strongly condemned France's decision, but shortly afterwards, it was reported that the United States was considering the possibility of resuming testing, and subsequently, the president of the Russian Parliament's Defense Commission announced that Russia would have no choice but to resume its nuclear testing program if the United States did.

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Rodriguez comments that aside from the environmental effects of nuclear testing, it is also interesting to note which countries will resume tests. He names France, China, the United States, and Russia. Jiminez notes that China has already begun testing, France has announced its intention to do so. Rodriguez points out that the new French president supports resumption of the tests, resumed testing is under study in the United States, and he wonders what purpose maintaining the nuclear arms race and improving nuclear arsenals would serve.

Jimenez responds that with the end of the Cold War and the East-West conflict, the world was relieved that the nuclear arms race would disappear, and that the destructive arms would gradually be destroyed, "but on the contrary, the large nuclear powers continue to perfect these weapons and maintain nuclear arsenals, and that is the core of the problem."

Rodriguez says he questions whether there will be military confrontations, recalling the roundtable discussions on capitalism in a unipolar world in which Jimenez participated. He indicates that unipolarity does not denote unanimity and, as Jimenez had suggested, there is the possibility of a war breaking out in a struggle for economic dominance. Jimenez points out that a future war would not necessarily be a nuclear war, stating his opinion that "none of the superpowers would be willing to commit suicide," and that the East-West conflict and "enemies with opposing social systems" no longer exist. Jimenez states his belief that the nuclear powers wish to have research completed on nuclear arms before reaching an agreement, and further, that an agreement on nonproliferation "will be the result of pressure brought by nations who do not have nuclear capability, in an effort to safeguard humanity from the terrible nuclear threat as well as from blackmail by the powerful nations."

Rodriguez notes that the four nations about to resume nuclear testing programs are permenant members of the UN Security Council and have veto power, and that there is little the other nations can do, "at least in the UN." Jimenez says he thinks that one of the objectives of the nuclear superpowers is to continue low-level tests to prove the effectiveness of their weapons, which means that the planet is less likely to be free of nuclear arms. Jimenez recalls that during a recent meeting on the nonproliferation treaty, Mexico presented a proposal to unequivocally end all nuclear testing by 1996 and institute an immediate moratorium. He notes that the moratorium was rejected because of opposition by the superpowers, noting, however, that the superpowers were urged to expend every effort to reach a conclusive nonproliferation agreement. Jimenez states that "it is clear that the decision to resume nuclear testing, against the wishes of the majority of the powerless international community, mocks their request to desist." Jimenez adds that many question the reason for continued nuclear arms testing by the superpowers since the East-West conflict no longer exists. He says that "apart from wishing to maintain the balance of power, to impose their economic interests and maintain their superiority — keep in mind we are living in a unipolar world where there is no risk of war between enemies with opposite social systems, and that large-scale confrontation could break out only between underdeveloped nations — I would think that improving and maintaining their nuclear arsenal is to make the Third World recognize them as the only nations with nuclear capability, using it as blackmail to maintain their domination and preclude any attempt by the Third World to deflect the policies they impose."

Rodriguez expresses agreement with Jimenez' opinion and proceeds to discuss the issue in the context of the regional significance of each superpower. He notes that China is located in Asia, one of the fastest-growing economic regions; France is in Western Europe, where the European community is progressing in its formation of a united economic block. Rodriguez states that the United States is the only superpower in America and seeks to solidify its influence in the hemisphere. He goes on to say that Russia, after experiencing the collapse of its political system, the breakup of its territory, and its total loss of influence over Eastern Europe, is trying to re-establish its influence. Rodriguez then advances the possibility that each of the superpowers is trying build up military power to secure economic superiority. Jimenez agrees, noting that France's more economically powerful neighbor, Germany, does not have access to nuclear arms, and similarly compares China and Japan. Jimenez states that "the superpowers, specifically the United States, have become the censors who determine who can or cannot possess nuclear arms," citing as a clear example the case of Israel, which refuses to participate in the nuclear arms nonproliferation treaty or allow international control over their installations. Jimenez says that "everyone knows Israel possesses nuclear arms, and that the United States is its ally because Israel is very important to U.S. strategic interests in the Mideast. However, they economically blockade other regional countries, such as Iran, to prevent them from obtaining nuclear capability, even for peaceful uses like energy, alleging that this technology could lead to the creation of nuclear arms." Jimenez adds that "it is clear that the superpowers try to use access to technology for peaceful purposes discriminately, including thwarting the development of underdeveloped nations with incongruous ideologies." Jimenez concludes by stating that the United States in particular uses its nuclear power in

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this way. Rodriguez thanks Jimenez and reiterates the worldwide importance of this topic.

Panel Discusses Economic Growth

FL2906234195 Havana Radio Rebelde Network in Spanish 1600 GMT 28 Jun 95

["Straight Talk" program with guest Fernando Davalos and host Osvaldo Rodriguez]

[FBIS Translated Text] [Rodriguez] Fernando Davalos brings us good news with regard to Cuba's economy during the first six months of this year. According to Davalos, who cites unofficial sources and his own studies — I should point out that he is an economist — Cuba's economy is growing. I will let him explain this to us.

[Davalos] True, I think this is encouraging news. According to unofficial reports and my own analysis — other economists agree — during these five months, Cuba's economy could have grown approximately 2 percent. This is very important for several reasons. We closed 1994 with 0.4 [?percent], which is a small amount. This seemed to indicate that the slide in Cuba's economy was ending. I say seemed, because back then, no one knew if that was going to be the trend or if there was going to be some sort of regression. However, now we can see that Cuba's economy continues to grow in a discrete and gradual manner. Therefore, 1994's thesis — Cuba had touched bottom — is reinforced.

[Rodriguez] I think it is good that we have grown 2 percent, but I would ask...

[Davalos, interrupting] Hold on, that is an unofficial and preliminary assumption. Perhaps in the next few days we will have some sort of confirmation by our economic sector's leaders.

[Rodriguez] Let's hope so. However, bearing in mind that our sugarcane industry did not grow, and this is our main industry, where did this 2 percent come from? How can we believe in this 2 percent?

[Davalos] Let me just say that there are people who have a hard time believing this.

[Rodriguez] I am one of them.

[Davalos] First of all, bear in mind that even in what is known as open information [information abierta] — what appears in the press — only the non-sugar industry sectors have experienced growth during these months. Cuba's main industries are growing; however it is a gradual, slow, and discrete growth. The sectors with foreign-currency income are giving Cuba's economy the air it needs, and are gradually reactivating it. There is nothing, nor will there be anything spectacular. We do not receive loans or outside financing. Our growth is based on our own efforts and on the net earnings Cuba is acquiring, and they are not spectacular at all. This problem exists and it is real. It is a contradiction that began two years ago. This year our sugarcane harvest results have been well below last year's results, and those were low as well. Last year we obtained approximately four [no further explanation] and this year we are below four. Why is that? There is a general lack of supplies, as well as subjective problems. However, it is fundamentally a problem of lack of supplies. Some say it could have been worse. I think that saying this is no longer supportive.

[Rodriguez] It also could have been better. There was a loss of sugar at the end of the harvest. There is a report that several million [no further explanation] were not ground...

[Davalos, interrupting] Yes, 200-and-something million [no further explanation], sugarcane that was ready to be ground and was not.

[Rodriguez] Yes, it could have meant an additional 100,000 metric tons of sugar.

[Davalos] We could have produced a little more, but Cuba .... [changes thought] the sugar industry did not have resources. There are several things that need to be changed in the sugar industry. We must learn how to work with low costs and without preventative costs [gastos preventivos], which weight heavily on the sugar industry. It is true; it may be hard to believe, but it is true. There is a contradiction — Cuba's economy is growing little by little. We have reached this 2 percent — as you said before the program started — from within the hole we were in. We are growing and it is very encouraging to know that Cuba is rising, but the sugar industry is acting as ballast.

[Rodriguez] Davalos, a moment ago when you mentioned the non-sugar industry sectors and said that most of them had experienced growth during this time, I was writing down the main ones. At the top of the list: tourism. As is said nowadays, tourism is the locomotive of Cuba's economy.

[Davalos] One of the locomotives because Cuba's mining — nickel mining — is experiencing an extraordinary reaction.

[Rodriguez] I do not think nickel mining has yet become a locomotive. It has started off well.

[Davalos] I disagree. Let's wait and see this year's results.

[Rodriguez] Very well, let's wait for the results. However, tourism is already achieving results, and has been

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for two or three years now. It is also creating other enterprises — local suppliers and the finance of national production in the textile, agriculture, and mechanical industries. I would say that the capital attracted by tourism has settled here. Businessmen came here, observed, and lived Cuba's reality. Perhaps investments in other sectors came after investment in the tourist sector. Tourism is helping us a great deal.

[Davalos] I agree, and we should acknowledge this. However, I always like to add that tourism requires more imported components than the sugar industry. The net income — which is what Cuba can count on — is infinitely higher from the sugar industry.

[Rodriguez] That is true. However, fresh money comes more quickly from tourism. In any case, it can be used at least once before it is spent.

[Davalos] I agree, and it is the soul of the economy's gradual reactivation.

[Rodriguez] That is why tourism has been superprioritized, you might say. There are also the biotechnological and pharmaceutical sectors.

[Davalos] They are growing and selling products abroad.

[Rodriguez] The mechanical industry, ironworks, other products. They are producing electrical and telephone cable, as well as other lesser-volume products. These sectors are also growing.

[Davalos] I agree with you.

[Rodriguez] There is the electrical sector ...

[Davalos, interrupting] We do not export electricity.

[Rodriguez] We do not export electricity, but it is a sector that is growing.

[Davalos] However, we do export it outside our borders. When we supply electricity to a hotel, our electrical enterprise receives payment in foreign currency. With that money, the electric enterprise purchases everything needed to supply energy to the population. It is not much because the tourist sector does not use that much electricity. In any case, it is providing the electrical enterprise with some income, which can sustain the services being offered to the population and other economic sectors.

[Rodriguez] At the same time, an incentive mechanism — for those who work at the electrical plants — has brought about improvement in the generation of electrical energy. Even though we still have those bothersome outages, they are not like the ones we suffered last year.

[Davalos] What you are saying is very important. I think that everyone should understand why this reactivation is and must be gradual, cannot be spectacular. All of us want the problems to be resolved. Today, we must all admit that our population is facing serious and irritating problems, especially when we are talking about this 2 percent growth that we may have reached over these five months, and the problems with gas, transport, and supplies. We are all very impatient, wanting Cuba to take off, but that takeoff cannot be spectacular. There is a gradual change and a reactivation underway. However, we cannot create false expectations. There is no magic wand; we must all come to grips with the fact that it will be a proportionate to the efficiency with which we work. That is why we must wait and hold on for Cuba to react, the way it is already reacting.

[Rodriguez] Davalos, we have spoken about several sectors t hat have no doubt played an important role in reaching the 2 percent you mentioned. The following analysis should be made. If the sugar industry declined...

[Davalos, interrupting] The sugar industry is ever present in Cuba's economy, history, society, and culture. It is Cuba's income.

[Rodriguez] And represents Cuba's food.

[Davalos] With the income, we buy the food.

[Rodriguez] [chuckles] I would like to reiterate: If the sugar industry, as you said, declined, could this 2 percent be masked in the comparison with last year, which was even worse?

[Davalos] Yes, from a big problem, we experience a smaller problem; that is evident. I think the statistics that are being used come from Cuba's worst years, the 90's. In a few years we will laugh at all of this. We will comment on how in 1993 we had to do this or that...

[Rodriguez,interrupting] Yes, the way we comment today about the parallel market.

[Davalos] Exactly. The results are good, but we still do not have productive results. I mean, the sugar from this harvest is not yet sold. However, the sugar industry sector is responding. There are approximately 250,000 people working in the fields. They are planting, replanting, weeding, and plowing the soil. That is the reaction needed in the sugar industry sector. However, with regard to the 2-percent growth factor, this does not count because, as we said before, results are what count, not good intentions. However, we must admit that this sector is responding, and not just because there are so many comrades out in the fields, but because we have acquired financing. Let's be very clear: This financing is very expensive. The money that has been loaned to us

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so we can purchase fertilizer, herbicide, fuel, and spare parts is very expensive. That is the idea, and that is the way we must think today. We can not think that money is going to rain down on us as if it were manna from heaven, which is what happened to the Jews during their exodus from Egypt.

[Rodriguez] From the time of the Soviet Union's and the socialist camp's disappearance, when all aid from them stopped, this is the first time that the sugarcane harvest has acquired advance financing. I think this is the first time it has acquired advance financing at all in the last few years. I have no doubt that there will be some results.

[Davalos] Yes, we will obtain results. Maybe next year we will experience a small and discrete increase — perhaps near five million metric tons — which will still not cover Cuba's commitments. It is still not enough, but there is a response. You have the information right there: It seems that the sugar industry — which is the same as saying Cuba — is reacting positively. We have acquired a small amount of money to purchase those things we did not have before. This requires a great economic effort from Cuba. It means our own and our families' resisting. We are coping with the problems we have in Cuba and are struggling to move on. During these days of heavy rain, I was astonished to see that the people of Pinar del Rio fought tooth-and-nail to protect their tobacco harvest.

[Rodriguez] I think that is very good. We should protect all of Cuba's economy in that same manner because it represents our very lives. Many thanks to Fernando Davalos.

Mariel, Cienfuegos, Nuevitas To Become 'Free Zones'

PA0207043595 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Jul 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban port of Mariel will become the first of three free zones to be created on the island in the near future to promote trade in the region and to bolster the trust of foreign investors.

Manuel Vila Soza, president of Almacenes Universales S.A., has announced that two more free zones will be created in addition to the one in Mariel, one in Cienfuegos and the other in Nuevitas.

Jose Lima, international relations manager of the firm (Havana-Inbond), has explained that a free-zone bill is being drafted. The free zone areas will have, among other facilities, docks, airfields, hangars for small- and medium-size planes, buildings, and recreation centers.

Valdez: Significant Number of People Will Lose Jobs

PA2806233295 Mexico City NOTIMEX in Spanish 1535 GMT 28 Jun 95

[FBIS Translated Text] Havana, 28 Jun (NOTIMEX) — Today, Cuban Labor Minister Salvador Valdez acknowledged that "a significant number" of people will lose their jobs on the island but said that nonessential personnel will never total 1 million people as experts have estimated.

The rationalization (dismissals) is being made gradually and in a regulated manner, and it goes hand in hand with the search for new jobs while the economy improves, Valdez said in an interview with state-owned television.

He said that of the 17,500 workers dismissed during the first quarter of 1995, about 8,000 were rehired, and the others have been registered at employment offices or are attending training and reclassification courses.

With nearly 11 million people, Cuba has a working labor force of approximately 4.33 million people, of which 3.670 work in the state sector and the rest in cooperatives or in private businesses, the minister explained.

Studies of nongovernmental institutions and specialists indicate that approximately 1 million workers could be dismissed in order to make enterprises work more efficiently.

Valdez said approximately 93,000 workers were laid off, of which 24,000 were "dismissed," as a partial result of the personnel reduction in 1992. By the end of the year, he continued, 50 percent of these workers were in the process of finding new jobs.

The minister said the government is doing an effort to guarantee jobs to college graduates, 8,000 of whom must graduate this year. In addition, he said the possibility of granting access to professionals to self-employment work is "under consideration."

Valdez said that regarding self-employment, more than 9,000 licenses have been requested in the country since the beginning of the month, when 19 additional activities Cubans may perform for their private benefit were authorized.

More than 500 requests were filed to establish small, privately owned restaurants the government authorized after three years of operating in a semi-clandestine manner. These restaurants competed with the inefficient state-owned restaurant network.

He added that more than 167,000 people have taken advantage of the provisions of Decree-Law 141 of

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September 1993, which authorizes self-employment, which, in turn, has expanded to cover 140 areas.

"Self-employment" and farming are the principal options the Cuban Government has offered while advancing the purge of nonessential personnel in its enterprises, following the disappearance here of the illusion of a full employment policy.

Haiti

Minister on Implications of Administrative Reform

Port-au-Prince Signal FM Radio in French
1030 GMT 5 Jul 95

[FBIS Translated Text] The start to an inventory of civil servants will be soon. Anthony Barbier, minister of public administration and civil service [title as heard — ministre de l'administration et de la fonction publique], informed the press of this yesterday during a news conference. According to the minister, this inventory will allow the government to determine the Haitian civil service's human resources nationwide, with the aid of computerized files that his ministry will establish. Mr. Barbier explained that the administrative reform will involve revocations [revocations], but that these revocations will be effected within a legal framework, following well-established criteria.

[Begin Barbier recording in Creole] We cannot effect administrative reform without envisioning dismissals [revokasyon], but it would be a serious mistake to confuse administrative reform and dismissals. Administrative reform does not mean dismissals. That is one of the reasons we are beginning by gathering data which, in the reforms the data will help effect and the way it is going to manage human resources — is going to allow the state to find out what it already has — to find out what they [yo] have that is that is good, so that it [li] can keep and strengthen it, either by strengthening the structure or by means of training programs, and also to find out what in it is not good, so as to revoke it or get rid of [ranvoye] it. [sentence as heard] We have to be clear about the administrative reform.

Administrative reform does not mean dismissals [revokasyon], but we cannot envision administrative reform without envisioning certain forms of revocations [revokasyon]. That means that we are going to identify things that work — what works well, what does not work sufficiently well, and what does not work at all. Then you must remove that which does not work at all, correct that which does not work well enough, and strengthen that which works well. That, then, is what is what the administrative reform (?involves) for me. [end recording]

Planning Ministry Holds Initial Consultative Meeting

Port-au-Prince Signal FM Radio in French
1030 GMT 5 Jul 95

[FBIS Translated Text] The Planning Ministry has undertaken a series of steps meant to result in the formulation of broad guidelines for Haiti's economic, social, cultural, and spatial development, as well as to determine which paths to follow and which structural changes to promote in Haiti by the year 2005.

Within the framework of this approach, aimed at avoiding the institutionalization of emergency management, the Ministry of Planning and External Cooperation, through its leader, Minister Jean Marie Cherestal, on 29 June 1995 invited public groups from various sectors across the board to the ministry's conference room for an initial consultation. The goal of the meeting was to lay the foundation for a work plan with a view to preparing an outline for the nation's developmental strategy — to define the new societal configuration sought for Haiti by the year 2005; to present blueprints for territorial administration at the national, departmental, and local levels; to draw up the guidelines for the different sectors and [word indistinct]; to propose a three-year program of public investments adhering to the main lines of the government policy as well as the programs and projects to undertake; and to define the plan for financing the programs envisioned, including the available and potential sources of financing.

This initial meeting was presided over by Jean Marie Cherestal, minister of planning and external cooperation, who insisted on constantly reminding those present of the need at this historic turning point in our life as a people to definitely return to Haiti responsibility for reflecting on the future of our nation.

Following the many points of view expressed during this important meeting, the minister proposed an operational framework for the whole group of institutions of the national planning system, as well as a timetable that will effectively permit implementing this first great consultative exercise.

Parties Planning To Demand Elections Annulment

Port-au-Prince Signal FM Radio in French
1030 GMT 6 Jul 95

[FBIS Translated Text] Signal FM has learned from an unreliable [as heard] source that some 20 Haitian political parties are planning to meet today at the Christopher Hotel in Port-au-Prince with the goal of demanding that the first round of the 25 June elections

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— elections that took place in total confusion — be annulled.

After a meeting held yesterday to draw up the text of the resolution to be adopted by the political parties in this case, some 24 political parties decided not to accept the results of this election. These political parties are also protesting the approach taken by the Provisional Electoral Council [CEP], as the CEP has decided to rehold partial elections in different parts of the country.

CEP Modifies Election Timetable

Port-au-Prince Signal FM Radio in French
1030 GMT 6 Jul 95

[FBIS Translated Excerpt] We have learned from the Provisional Electoral Council [CEP] that the second round of legislative and local elections in Haiti has been postponed, from 23 July to 13 August. This change in the timetable is to permit holding, on 23 July, supplementary elections in the areas where the voting was not able to take place normally during the first round of elections on 25 June — explained the CEP. These supplementary elections are to be held in, notably, three areas of northern Haiti, where, notably, a polling station was set on fire, and also south of Port-au-Prince, in Kenscoff, where electoral materials were burned. [passage omitted]

OPDH Strike Call Not Adhered To in Capital

Port-au-Prince Signal FM Radio in French
1030 GMT 6 Jul 95

[FBIS Translated Text] The Organization for Democracy in Haiti [OPDH] denounces maneuvers aimed at disrupting the OPDH strike called for today. OPDH leader Carl Denis noted the intention of certain individuals to use violence to disturb this movement, which Denis says is aimed at saying no to the first round of elections. Mr. Denis explains that his organization has never chosen violence.

[Begin recording, in Creole] [Denis] According to information we have received, there is a sector that would like to commit violent acts on the day of the strike, 6 July, and blame the violence on the OPDH. However, OPDH wishes to inform everyone that it does not approve of violence or anything that is not legal. OPDH asks the population to stay home calmly all day on Thursday, 6 July. In this way the Haitian people will make people respect its sovereignty [dwa gran moun li] without danger.

[Unidentified reporter] Mr. Denis, you have called for a strike to demand that the elections be annulled. Since the electoral council has already explained clearly that it will annul elections but only in certain areas, do you think a strike is really necessary?

[Denis] Well, we think that there was nothing good about the elections at all — or almost nothing. The whole is so bad that you are obliged to reject not just portions but the entire elections. Moreover, with elections like these were, the second round cannot possibly be any good. [end recording]

Despite Denis's call for a strike, it looks as if the strike has not been adhered to in Port-au-Prince, because the population was out in the streets very early this morning going about its business. We saw several hundred tap-taps [public transportation vehicles] in the streets of Port-au-Prince and people going to work as usual. It looks like the OPDH strike was not followed today by the population.

New Japanese Ambassador Presents Credentials

Port-au-Prince Signal FM Radio in French
1030 GMT 5 Jul 95

[FBIS Translated Excerpt] The new Japanese ambassador to Haiti, Mr. (Mutsu Hiro Makamura), officially presented his credentials to President Jean-Bertrand Aristide yesterday. The ceremony took place at the National Palace and was attended by Jean Marie Cherestal, minister of [planning], external cooperation, [and public administration]. After the ceremony, President Aristide and Ambassador (Makamura) had a meeting that lasted approximately 30 minutes. [passage omitted]

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Zedillo Closes Mining Industry Chamber Meeting

PA0607210795 Mexico City XEW Television Network in Spanish 0430 GMT 6 Jul 95

[Report by Daniel Flores Meneses from the "24 Hour" newscast]

[FBIS Translated Text] Today [5 July] President Ernesto Zedillo closed the 58th Convention of the Mexican Chamber of the Mining Industry at Los Pinos Presidential Palace. He noted that the mining industry will make long-term investments in Mexico totaling $5 billion, in a show of confidence in the country's economic recovery.

[Begin Zedillo recording] This is good news for Mexico, as it confirms a well-substantiated confidence in the fact that we are steadily overcoming the crisis. It is good news, because it reaffirms our trust in the nation's future. It is good news for Mexico, for it reveals the certainty the investor community has in the Mexican people's enormous working capability and in the potential yields of its natural resources, both of which will back national development. This is good news for Mexico, in that it shows that Mexico has more, many more positive aspects and we must view the negative things and the problems in their correct proportion.

Because this is good news, many may tend to downplay its importance. Despite this, we know that Mexico is a nation that makes many major achievements every day. Such achievements are the product of unsung anonymous efforts. They are daily victories, which are by no means spectacular nor do they elicit morbid attacks or sensationalism. We also know, though, that the authentic Mexico is being forged with the day to day work and discipline of millions and millions of men and women, young and old. [end recording]

The president said that the trust fund for promoting the mining industry has sufficient funds to back small and medium mining projects. The exploration and exploitation surface will grow, while conserving certain strategic reserves. Currently, there are 30 areas classified as national mining reserves. This year, over 21,000 hectares will be made available, which means a 15 percent increase in lands available to private investment.

Mr. Manuel Ancira Elizondo, the president of the Mexican Chamber of the Mining Industry, also addressed the convention. He announced investments totaling $5 billion in the mining sector. This, he said, will provide direct job opportunities for 40,000 people. The mining industry currently employs about 1.5 million workers.

Chiapas Talks End With No Accords

PA0707022195 Mexico City Radio Red Network In Spanish 0000 GMT 7 Jul 95

[Report by Gloria Hernandez from San Andres Larrainzar; from "The Night Monitor" newscast]

[FBIS Translated Text] Just five minutes ago, the fourth round of the Chiapas peace talks concluded here in San Andres Larrainzar without any agreements, but additional rapprochement was reported between the two sides. The next round of talks will be held on 24 July. There will be no additional information on this until 2030 [0230 GMT on 7 July].

Meanwhile, it has been leaked to us that the two parties have 18 days to review the proposals advanced by Conai [National Mediation Commission]. Conai is taking into consideration both the Zapatist and government options regarding procedural rules. Indeed, this situation will be under study. Conai representatives will also study means of implementing the detente measures. All of this is only in the planning phase, however, and there were no agreements in this fourth round of the peace process held here in San Andres Larrainzar.

At this moment, the government delegation is leaving town to go to San Cristobal de las Casas, where, we are told, there will be a news conference. We are awaiting the information Conai and Comcopa [Harmony and Peace Commission] will release regarding the methods and proposals the parties will review, as well as the departure of the Zapatist delegation.

We should add that Ambassador (Gustavo Illueca) was telling us on the afternoon of 6 July that, although the Zapatist proposal was described as a modest advance that could not be ignored, there were problems regarding timing. He explained that the Zapatists could be in the final stretch to define the rules of the talks that will steer the negotiations. However, he pointed out that there should be a major reconciliation between the proposed Indian and federal timeframes, because the talks could be held for four years, according to the Zapatist proposal. Meanwhile, the government delegation estimates that the talks should last no longer than nine to 12 months before achieving the objective of signing the harmony and peace agreement here in Chiapas.

This is all we have on the conclusion of these peace talks. We are expecting to soon learn more details about how this fourth round of peace talks concluded.

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El Salvador

Deputy Economy Minister on Denver Trade Meeting

PA0607162695 San Salvador Radio Cadena YSU in Spanish 1800 GMT 5 Jul 95

[Report by Eric Lombardo Lemus; from the "YSU Radio News" newscast]

[FBIS Translated Text] Deputy Minister of Economy Rene Leon has announced that El Salvador will be the coordinator of the most important group created during 1995 for Latin American economy and commerce ministers, held in June in Denver, Colorado. Foreign trade representatives from 34 countries on this continent met in the United States to develop a working agenda designed to gradually lift trade barriers and increase investment in America. The American community recognizes El Salvador's role as an example of a trade system with few tariff barriers. It is within this context that our country will coordinate access to those countries whose markets offer certain advantages.

[Begin Leon recording] The group has several basic objectives. The market access group's first objective is to establish a data base of tariff and nontariff barriers, based on the WTO's [World Trade Organization] integrated data base. This will be the basic source of information for the negotiation process, which will allow us to schedule the lifting of tariff and nontariff barriers by the year 2005. The group's second basic objective is to define procedures for such tariff and nontariff deregulation.

This is extremely important, because it implies a negotiation process in itself. The group, under the coordination of El Salvador, will have to decide the basic tariff level at which the deregulation process will begin. Will it be 20 percent, perhaps the tariff currently in effect for each product, or the tariff established by GATT? When we discuss the basic figure for those products whose tariffs were set during the GATT Uruguay Round, we will have to decide whether these tariffs should be reduced. We must decide whether to increase tariff contingencies and how long the deregulation process will take. Will it be five, 10, or 15 years? How long will each deregulation phase last? Will smaller economies have an extended adjustment period and agree to deregulate, but at a slower pace?

All of these issues are extremely important. They will define the negotiation itself. The group will discuss each of them; that is where the significance of this work group resides. [end recording]

The official also recognized the fact that one issue caused some problems in drafting the joint statement. This was Clause 11 of the Joint Statement of Denver, Colorado, which states that countries will promote workers rights. Such rights will not be discussed in any trade forum in order to prevent protectionist impositions.

[Begin Leon recording] From the viewpoint of the Latin American countries, the debate over respect for workers rights could be construed as a form of protectionism. We are very concerned about this, not only for El Salvador but also for the other 33 countries in the hemisphere. It is worrisome in that all our countries agree that we must promote and respect workers rights. All of us agree and there was a consensus at the ministerial meeting. Nevertheless, what we cannot agree on is the use of such rights as grounds for protectionist controls, that is, for such controls to go beyond what are considered workers rights. This, I might add, was a very controversial issue. [end recording]

The next such meeting will be held in Cartagena de Indias, Colombia, in 1996. It should produce specific information regarding the creation of a data base that will allow smaller economies to work with stronger economies in the hemisphere. The main objective is to seek subregional agreements regarding common issues that can contribute to making the Americas a single trading bloc.

Guatemala

TSE Chief Criticizes FRG Proposal as 'Blackmail'

PA0607231595 Guatemala City PRENSA LIBRE in Spanish 5 Jul 95 p 3

[FBIS Translated Text] In response to remarks by Deputy Harris Whitbeck, a supporter of Efrain Rios Montt who has said the FRG [Guatemalan Republican Front] is willing to support the reelection of the current Supreme Electoral Council Tribunal [TSE] magistrates if the TSE permits Rios Montt to register as candidate, TSE President Mario Guerra Roldan yesterday said: *We, the TSE magistrates, will never lend ourselves to the dirty game proposed by Deputy Harris Whitbeck. To begin with, we cannot issue an opinion on any presidential hopeful's registration.*

Guerra criticized the proposal, calling it *bribery and blackmail,* and he called on Whitbeck to respect the TSE because, he said, the tribunal is constituted under the law, and, consequently, its magistrates cannot be expected to base specific decisions on imposed conditions.

If a person sets conditions on or pressures a judge, and the judge yields in favor of that person without impartially appraising the situation, the facts, or the process and rules, such a judge is guilty of a breach of trust. In criticizing the proposal, Roldan said it was

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clearly evident that the magistrates whom the FRG wants to appoint to the TSE have already committed such an offense.

In addition, Roldan added that the proposal makes people think that all of the actions initiated against institutions such as the Constitutionality Court, the Central American Parliament, and the TSE itself appear to be part of a plot to destroy the current system, provoke chaos, and permit proponents of the plot to do what they want — that is to say, to register their candidate by force.

This proposal offends us, and not necessarily because Rios Montt is involved. After all, a different candidate could have been involved. In Rios Montt's case, it is necessary to determine whether a situation similar to that of 1990 or a new one exists. But no matter what, we cannot express an opinion ahead of time or consider or subject ourselves to any conditions whatsoever.

Commenting on a different topic, Roldan said the upcoming electoral period cannot be stopped, and, for this reason, the TSE is already making initial preparations for the elections. Yesterday, the magistrates agreed to sign all necessary documents because they are certain they are protected by Article 171 of the Judiciary Law and Articles 124 and 125 of the Electoral and Political Parties Law, Roldan said.

Influence of Rios Montt, Family Assessed

95CA0287A Guatemala City CRONICA in Spanish 9 Jun 95 pp 19-20, 23-24, 27

[Report by Iduvina Hernandez and Alejandra Gutierrez: "Dynasty"]

[Text] *In the shadow of the charismatic, controversial figure of its patriarch and looking to the coming elections in which officials in the Executive and Legislative Branches must stand for election, the Rios Montt family prepares to take power.*

It is a family that has been in national politics for two full decades. As a result of a coup d'etat, it occupied the Executive Mansion from 23 March 1982 to 8 August 1983, and for three full election campaigns, the family toured the country seeking followers for its cause. Headed by its patriarch, General Jose Efrain Rios Montt, the family tree, made up of his wife, Maria Teresa Sosa Avila de Rios, daughter, Zury Maite Rios Sosa de Garcia, and son-in-law, Jose Fernando Garcia-Bravatti de la Riva, is the nucleus around which the "corporative" Guatemalan Republican Front (FRG) revolves. Thus it is that, backed by a tailor-made political party, the Rios Montt clan is plunging into the race for power.

Esprit de Corps

For those who have known and admired this family over the course of its two decades of political participation, stoicism is the word that best defines it. Coldbloodedness and indifference are the terms used by those labeling them from a distance. For example, Captain Rodolfo Munoz Pilona, who was Rios Montt's student at the Polytechnical School, recalls that, along with several other officers, he offered to defend the presidency that had allegedly been stolen from him by the election fraud of 1974. "The presidency is not worth a drop of blood of any subordinate," Munoz claims Rios told him.

Seven years later, Rios Montt was deposed by a coup led by his defense minister, Oscar Humberto Mejia Victores. There are two versions of the events. In his book, "De la guerra a la guerra" [From War to War], Hector Alejandro Gramajo details how the ousted chief of state tried to gain the backing of a member of commandos who might be loyal to him and, for that very reason, did not surrender his command at the appointed time. According to several officers who served on his staff, Rios surprised them when he emerged from the Guard of Honor and told them, without batting an eye, that he had surrendered his command. Now ousted from the government, the family as a whole is said to have entoned religious hymns and gone on calmly singing without a care for the fate of the country that had been in its hands for 18 months!

Those close to him are of the opinion that these traits are untarnished in this family nucleus because of its religious affiliation with the Church of the Word, which imposes rules of authority by the male of the family to whom the other members owe obedience. Because of its conduct, it is a patriarchal grouping in which no other voice has a place, except to reaffirm what the leader says. Just as they followed their leader in the 1974 political campaign, they went with him when he left office in 1983. This was not so of his sons Homero and Enrique, however, because they were still on active duty in the Army and remained in the military ranks. Some view this decision as a new sign of attachment to the family because, rather than seek a confrontation with the Armed Forces, Rios Montt preferred to remain silent and protect the military careers of his two sons. Less than a year later, Homero, a captain, would die when his plane was shot down by guerrillas, and to every mourner expressing sympathy, the Rios replied that they had to yield to God's will.

Blood and family ties are so strong that the patriarch lives in a house near those of his two children, Zury and Enrique. This physical proximity resulting from a

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housing arrangement is elevated to the rank of routine in matters of election participation.

Political Outfit

Nothing could be more expressive than Rios Montt's own words in defining the party he has built. When asked how he interprets the participation of three of the principal members of the Rios family in its leadership, the head of the group answers that "the FRG is by nature a family, a family made up of all its members." This definition is expanded by one of the main advisers to the FRG leader, Juan Callejas, who says that entire families join the party. "Any time I speak, I do so on behalf of my family as a whole and not just for myself personally," Callejas says. According to him, the basis for the political organization's unity is precisely the participation of family nuclei.

As for whether or not the wife of the party's leader would be considered a likely substitute for Rios Montt on the presidential ticket, conflicting views exist within the FRG itself. Some FRG members see such a replacement as natural, viewing it from a Biblical angle, ie., a man and a woman are a single person in marriage. In contrast, General Montt takes another approach, saying that at the "1993 national assembly, she was nominated as a presidential precandidate, convinced that the one not serving does not serve, and that the one who does, does."

Although all FRG members swear under oath that decisions are made collegially, inasmuch as they are made by party organs, members of the family are, as it turns out, an essential part of these organs. The General, his wife, their daughter, and her husband occupy 4 of the 25 seats on the Executive Committee. In addition, each one heads one of the committees comprising it. Maria Teresa de Rios heads the women's committee. Zury Rios de Garcia heads the youth section, and while Efrain Rios is general secretary of the FRG, he and his son-in-law are on the political committee. This organization makes the party's political decisions, according to Juan Francisco Reyes, one of his most loyal followers.

First Steps in Legislature

With the family's eyes on power, Congress became its testing ground starting in January of this year. During the election of new organization leaders, Rios Montt ascended to the presidency and Garcia-Bravatti de la Riva to the office of first secretary. According to legislative bylaws, the office of first secretary is the most important post. While the person who heads Congress directs general congressional policy, the first secretary is in charge of administrative policy. The secretary proposes and sets up the agendas for congressional sessions and, until it appears on the daily agenda put before the Assembly, no bill or legislative agreement has any possibility of emerging.

In addition to this two-man leadership team, the office of private secretary of the presidency is occupied by the General's daughter, Zury Rios de Garcia. In other words, in a single day, three important members of the family emerged from obscurity to head one of the branches of government and control its fate, based on their own criteria.

Among the innovations which legislative employees have witnessed since the ascent of the Rios family are, for example, Garcia-Bravatti de la Riva's forays into offices, camera in hand. This is how the first secretary intends to oversee—with proof, he says—employees who do not stay at their desks during office hours.

After six months of having them as bosses, congressional workers are no longer surprised to see the Rios Montt family arrive before 0800 hours in the morning and visit legislative offices one after the other. Nor are they surprised to see the president's private secretary overstep the bounds of her responsibilities, endeavoring to instruct even janitorial personnel as to how their duties are to be performed. Backed by a rhetoric that requires and demands efficiency in the performance of individual responsibilities, the approach of the three members of the Rios family heading Congress exposes them as an intolerant team, in the opinion of employees and lawmakers.

A typical case is an incident with a group of hooded demonstrators in the Legislative Palace at the end of May. The protesters had painted slogans on the walls of the building, causing the first secretary to decide to bar their exit. He therefore told security personnel to collect their ID's. Words were exchanged and, seeing they could not get out, the protesters sought refuge in the offices of the Congressional Workers Union. From there, they appealed to the UN Mission for the Verification of Human Rights in Guatemala (MINUGUA), the Office of the Prosecutor General for Human Rights and the Office of Human Rights of the Archbishopric (ODHA), entities entrusted with the task of ensuring the safe departure of the "detainees." The tenseness of the situation generated by a security order carried to the extreme could be measured by the nervous "shock" suffered by one of the agents assigned to the legislative chambers.

Desire Called Power

Nonetheless, the events in Congress are nothing new for a family whose political participation has for two decades been one long march to power. When the

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current Political Constitution was debated, Rios Montt and his followers remained silent and did not object to the legal ban on allowing the latter or any other leader of a coup d'etat to run for the presidency. Nevertheless, two years after the constitution went into effect, they decided to join the system. However, before forming what is now the FRG, Rios tried to revive the National Opposition Front (FNO), the name under which the alliance which nominated him for the presidency in 1974 was registered. One political leader says Rios proposed rebuilding the FNO and that when he asked the General what parties would be included, the latter mentioned, among others, the Democratic Institutional Party (PID) and the National Unity Front (FUN). When questioned about the ethical integrity of the leaders of these parties, said to be somewhat at odds with Rios Montt's moralizing rhetoric, the latter reportedly replied, without batting an eye: "That is not a problem because as soon as we win, we'll get rid of them."

Having failed in his attempt to revive the FNO, the General began to build a political party. Rodolfo Munoz says Rios Montt called him and told him what he wanted to do. Being an obedient subordinate, Munoz set about planning the rise of the party. Juan Francisco Reyes, one of the FRG leaders, says the idea of putting together that organization arose when he, another friend, and the General dined together. In contrast, Rios Montt explains that "in 1988, the idea of forming a legal political organization, the FRG, emerged, based on the need to establish principles for developing a state of law." According to the General, "in addition to a group of friends whose names are found on the charter, other founding members include: Francisco Reyes, Rolando Mendez Mora, Tere de Rios Montt, head of the women's branch, and Zury, as head of the youth division."

Once the FRG was formed, and even though the constitution forbade it, the General tried for the presidency in 1990. Abiding by the constitution, the Citizen's Registry—the body legally empowered to rule on candidacies before declaring them legally registered—denied Rios Montt's filing. Within the framework of the country's legal structure, the FRG exhausted all legal channels, including the Court of Constitutionality, and all came down on the side of the decision made by the Citizen's Registry. Consequently, the FRG participated solely by nominating candidates for deputy seats, although the main campaign poster carried the effigy of Rios Montt, who in some cases appeared in his military uniform as director of the Polytechnical School. Between 1990 and 1993, the FRG team took the case of the registration of its secretary general to the Inter-American Human Rights Court (CIDH), which ruled that the human rights of the political contender had not been violated. The CIDH ruling turned the matter into a "settled case," even by international courts ratifying the constitutional ban on Rios Montt's aspiration to the presidency.

One more step toward power was taken by the FRG family during the campaign for Congress in August of 1994. On that occasion, Rios Montt participated at the head of the national list, figuring as an attractive principal in the campaign. FRG members of the Legislature had already tried to modify constitutional articles standing in the way of Rios Montt's filing. During the so-called "scheming," when constitutional reforms were drafted in order to purge Congress, FRG deputies attempted to include Article 240 prohibiting any modification of Article 186 in the discussion. The latter prevents the leader of any coup d'etat from aspiring to the presidency. The attempt failed, but the FRG did not give up. Starting last year, it has sought to modify articles of the Election Law relating to rulings on the eligibility of candidates so as to deprive the Citizen's Registry of that power.

Facing yet another failure in their attempt to smooth the way for their presidential aspirant, the Rios Monttists opted to call for peaceful resistance and are now seeking to put together a national movement to bring pressure to bear to have Rios Montt accepted. "We are going to stand in front of the Citizen's Registry until he is registered," Harris Whitbeck, head of the FRG bench, said at a meeting in Santa Lucia Cotzumalguapa on 3 June. On that occasion, Rios Montt asked those present to back him with their peaceful resistance and apply pressure so that he might be entered. The harangue was based on the campaign slogan "With Rios Montt: Until death do us part!" These are the signs of the plan of opposition proposed by the Rios Montt backers and for which their leader has prepared himself. Methodical and frugal in his diet, in addition to the discipline that has always marked him, he will experience no major difficulty staging a hunger strike in order, he says, "to peacefully resist the denial of the right to participate, which may be legal, but not legitimate."

In terms of rhetoric as well as action, there is a certain "corporativist" tradition that is typical of fascism. This is reaffirmed by social scientists such as Edmundo Urrutia, who sees the FRG as more of a movement than a party. The religious presence of the Word as a dominant group whose cells are reportedly comprised of families would be the ideal framework for the development of a political movement around a traditional leader.

This is a concept broadly applied by the main leaders of the FRG, who see this party as one big family, a family

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which in turn is headed by a clan that is preparing to "gestate" a political dynasty in power.

[Box, p 20]

Perseverance: "An Incredible Yearning for Power" [Efrain Rios Montt]

All eyes are on him and the auditorium is all ears. On a trailer platform overhead is a man striding back and forth, gesticulating and speaking, softly and persuasively at first, then changing to a fiery harangue puncutated by shouting and admonitions. He rivets a member of the audience with his gaze, as if trying to hypnotize the audience, sure of his rhetorical skills and conscious of his ability to move the masses. The speaker, long accustomed to dominating his listeners, is General Efrain Rios Montt.

This figure, who is controversial by nature, attracts admirers as well as die-hard opponents.

Admired for the discipline which his followers consider an essential part of the president of the Congress, the love for order with which he runs his life is accentuated by his years of study at military school. According to sources linked to the Rios family, the latter sets high goals for himself and demands a great deal of himself and others.

A day in the life of Rios Montt begins at 0430 hours, when he feeds his bird collection. He is on the floor of Congress before 0800 hours and is omnipresent. He never leaves sessions or board meetings before they have ended. Other consider his attitude to be extremist, however, and even view his obsession with discipline and order as unhealthy and bordering on intransigence.

The General, or "the Chief," as his followers call him, is deemed an aesthete because of what is basically a vegetarian diet. Juan Francisco Reyes Lopez does not conceal his devotion because of this quality of his leader and insists that the General weighs the same as he did as a young man. Reyes says Rios can still get into the uniform he wore the day he graduated as a 2d Lieutenant. however, an incident that happened in 1984 belies this assertion. Rios arrived in civilian dress to receive the Medal of Honor for his Army service, bestowed by the very man who overthrew him, General Oscar Mejia Victores. When asked why he arrived out of uniform, Rios Montt answered that he could not miss an Army event and appeared as he did because those who had deposed him had burned his uniforms.

FRG deputies praise Rios' ability to listen and say he serves as a moderator for discussions. However, legislators from other benches say that in Congress, the General denies members from their bench the floor when he believes they should not speak.

The General's goodness is pointed out by several persons who have been his "traveling companions." Captain Rodolfo Munoz, adviser to Rios as head of the Executive Branch, says the then president was moved and saddened when there was an execution, an opinion in contrast with the gestures of stoicism attributed to him.

In contrast with those who define him as loyal and a man of his word, (retired) Colonel Francisco Gordillo calls Rios Montt, with whom he shared the triumvirate in 1982, disloyal. Gordillo accuses the General of engaging in all manner of schemes until he finally managed to expel his two comrades from the government and centralize power.

Even though the FRG considers itself a very united movement, Gordillo says Rios Montt is completely individualistic. Some of his advisers from the government junta days describe the General as a person who considers himself self-sufficient and either does not listen to others or tries to refute them.

Munoz says the president of Congress is so crafty that he manages to get others to do whatever he wants, making them think they are doing it of their own free will. Gordillo believes Rios is a man who surrounds himself with people who have no opinion or who agree with him, and that the man with whom they once shared the presidency "is a man with an incredible yearning for power."

[Box, p 23]

The Upstart [Fernando Garcia-Bravatti, son-in-law of Rios Montt]

Jose Fernando Garcia-Bravatti de la Riva is perhaps the most atypical FRG member. He is a blend of elements of professional ability combined with a personality which many congressmen, even from his own bench, consider irascible. His judicial and legal knowledge is respected within the legislative body. FRG representative Marina Otzoy says that Garcia-Bravatti transmits the legal discipline to many of his colleagues and guides them in what is his specialty. He is also known for the great activity and enthusiasm with which he participates in the party, and is considered one of its main members.

For other deputies, however, Jose Fernando is still a "junior" member lacking maturity in the game of politics. They emphasize that his frequent conflicts with the press and tense relations with other members of Congress have been the trend of the development of General Rios-Montt's son-in-law.

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Raised to the post of first secretary of Congress, which many congressmen consider more important than the vice presidency of that body, Garcia-Bravatti has left his days as a well-behaved student behind. Some of his comrades from the Colegio Americano remember him as an exemplary student and are now surprised by his un-model behavior.

Nor do they fail to point out the scorn with which this key member of Congress addresses others. The Legislature frequently witnesses the undiplomatic conduct of the husband of Zury Rios. In late May, surrounded by a crowd, he shouted at Harris Whitbeck, leader of the FRG bench, demanding the resignation of Congress' chief of security. One PAN [National Vanguard Party] deputy defines Garcia-Bravatti's behavior as totally disrespectful. "Jose Fernando shows no consideration for age or for the members of his party." One FRG representative goes even further, stating categorically that Garcia-Bravatti does not fit into the patterns of education and discipline followed by other members of the Rios Sosa family.

[Box, p 24]

Obedient and Non-Deliberative [Teresa Sosa Avila de Rios]

She has silently followed her husband throughout four decades of marriage, accompanying him blindly in his failures, in exile, and in his triumphs. Today Teresa's life is divided between her home and the speaking campaigns she undertakes alongside her husband. General Efrain Rios Montt's followers view Teresa Sosa Avila de Rios as the perfect companion for their leader because, they claim, "Dona Teresa is able to place herself under the General's authority."

Everyone, friend and adversary alike, defines her as a strong woman who is inflexible in her decisions. Consequently, convinced that her husband must be entered as a presidential candidate, she threw chili powder into the eyes of congressmen who in 1989 considered Rios Montt's posture illegal.

Chairing the women's committee, she leads FRG women and now, given the possibility that Rios Montt will not be entered as a candidate, Teresa is getting ready to take Rios Montt's place on the ballot. She has stated that if necessary, she will do so, obeying her husband's will. Social scientists believe their speeches share fundamentalist, patriarchal ideas. Sociologist Ana Silvia Monzon observes that these messages intend to return the woman to her natural origin of submission, conceding to the man, as patriarch, all decisionmaking power in the family. Consequently, the woman becomes an obedient, vs deliberative, being.

[Box, p 27]

The Most Faithful Follower

Flowing in the blood of Zury Mayte Rios de Garcia-Bravatti is the discipline characterizing her parents. Zury is known in Congress for the zeal with which she does her work as private secretary to the president of the legislative body. However, the woman who was once an overprotected child and for whom her parents had high expectations is considered by her fellow FRG members as an effective legislative administrator. The General's daughter oversees congressional activities, has a command of three languages, plays piano and guitar and, in the opinion of those around her, has a broad culture. Deputy Francisco Reyes Lopez does not conceal his admiration in speaking about the youngest member of the Rios clan as "an extremely firm, but also very sweet, woman."

However, no follower of Efrain Rios Montt mentions that Zury, along with her mother, threw chili powder into the eyes of former constituents when the Association of National Dignataries discussed the legality of the General's candidacy for the presidency in 1989.

Today, the steps of Congress shine under Zury's scrutinizing gaze and many Rios Monttists admire the way she has put the administration of the legislative body headed by her dad in order. It is a view not shared by workers who see in her zeal a sign of intransigence and authoritarianism. The Congressional Workers Trade Union (SINTRACOR) does not approve of Zury's conduct. Whatever the case, one thing cannot be denied: Zury Mayte's profound devotion to her progenitor, whom she follows blindly.

Honduras

President, Armed Forces Chief To Visit Troops In Haiti

PA0607135195 Panama City ACAN in Spanish 2306 GMT 4 Jul 95

[FBIS Translated Text] Tegucigalpa, 4 Jul (ACAN-EFE) — A military source today informed ACAN-EFE that on 6 July Honduran President Carlos Roberto Reina and Armed Forces Chief General Luis Alonso Discua will visit Honduran troops that form part of the multinational peacekeeping force in Haiti. The source added that Reina and Discua "will be briefed in situ of the mission that the Lempira Task Force is conducting in Haiti."

The 120 Honduran troops, whose numbers include both soldiers and officers that Honduras contributed to the peace force in the Caribbean nation, will be relieved in

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September, after having served six months in Haiti, by a similar contingent. Each soldier will receive a monthly salary, paid quarterly, of approximately $1,050 from the United Nations.

The political situation in Haiti grew worse in September 1991 after a coup d'etat against President Jean-Bertrand Aristide. His administration was restored by the United States at the end of 1994, with the mediation of the OAS and United Nations.

President Reina and Gen. Discua are scheduled to returned to Honduras on the same day, 6 July.

New Economy Minister Takes Oath of Office

PA0407220495 Tegucigalpa LA TRIBUNA in Spanish 4 Jul 95 p 2

[FBIS Translated Text] President Carlos Roberto Reina yesterday swore in new Economy Minister Fernando Garcia and Deputy Minister of Natural Resources Ricardo Arias Brito, who will work in the fields of agriculture and cattle raising.

Economist Fernando Garcia is replacing Gustavo Adolfo Aguilar Barahona, who temporarily held the post in place of Delmer Urbizo Panting, who is now foreign minister.

Garcia's first action as minister was to confirm Otto Martinez and Aguilar Barahona as deputy economy ministers, and he pledged to work as a team with them to make ethical, technical, and administrative improvements by keeping in permanent contact with the news media.

Garcia will likewise promote investment and technology and make oil-related decisions.

Meanwhile, Ricardo Arias Brito, son of former Presidency Minister Celeo Arias, has replaced Guillermo Sevilla, who recently resigned from the post of deputy minister of natural resources.

Arias Brito is an agronomist with a masters' degree in economic sciences, and since 1980 he has held posts at the National Agricultural Development Bank (Banadesa), Honduran Agricultural Marketing Institute (IHMA), and at the Natural Resources Ministry.

Arias worked for a few months in the Callejas administration and later participated in the formulation of the Agricultural Modernization Law.

In his initial statements, he pledged to support Natural Resources Minister Ramon Villeda Bermudez, to work on controlling basic grain prices, and to generate the results expected of the moral revolution.

Panama

Talks With Clinton Could Include Extending U.S. Presence

PA0707011195 Panama City Circuito RPC Television in Spanish 2300 GMT 6 Jul 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Today, President Perez Balladares spoke about his scheduled September visit to the White House at the invitation of President Bill Clinton. He said the possibility of discussing the issue of renegotiating U.S. military presence in Panama has not been ruled out. This is not a part of the agenda, Perez Balladares said, but the continued presence of some U.S. military bases after the year 2000 could be discussed.

Perez Balladares explained that the trip has been scheduled to take advantage of the end of the legislative session in September. He concluded by saying he hopes his trip abroad will not exceed 24 days.

ARI Board Appoints Cano as Director of Reverted Assets

PA0607191695 Panama City LA PRENSA in Spanish 5 Jul 95 p A-5

[Report by Ibeth Vega]

[FBIS Translated Text] Yesterday, the Interoceanic Region Authority (ARI) Board of Directors appointed Arnoldo Cano as new director of reverted assets. During his first working day today, he will receive the school facilities in Margarita, Colon Province.

According to an ARI source, the board of directors also appointed Ovigildo Herrera as the individual responsible for the newly created Department of Human Settlements, which, as of today, will be responsible for confronting the problems of the human settlements in the reverted areas, particularly Arraijan.

Cano, who was graduated from West Point and Virginia Polytechnic Institute, was the first general director of the National Port Authority and a member of the negotiating team of the Torrijos-Carter Treaties.

According to the source, Cano will visit Colon today to attend the formal ceremony to return the school facilities in Margarita, which have a surface area of 16 hectares and are valued in the millions of dollars.

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ARI President Carlos Mendoza said the school in Margarita will be leased to the brothers of the Christian school, which is headquartered at Colon's La Salle School.

Regarding Herrera, the source said he will be responsible for resolving the problems that have emerged following the invasion by squatters of the reverted areas, primarily in the Arraijan area, where they have occupied a total of 480 hectares.

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Argentina

Menem To Retain All Cabinet Members for 2d Term

PY0607215595 Buenos Aires TELAM in Spanish 1449 GMT 6 Jul 95

[FBIS Translated Text] Buenos Aires, 6 Jul (TELAM) — Foreign Minister Guido Di Tella has reported that President Carlos Menem today confirmed that all the present cabinet members will join him for his second term of office beginning 8 July.

Di Tella, who served as spokesman for today's cabinet meeting at the Olivos residence, noted that "issues linked to the economic situation and our trade relations with Brazil," among other issues, "were discussed" during the meeting.

Cordoba Governor Angeloz Announces Early Resignation

PY0707024795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0037 GMT 7 Jul 95

[FBIS Translated Text] Cordoba, 6 July (NA) — Cordoba Governor Eduardo Angeloz announced tonight that he will hand over power early to his elected successor Ramon Mestre next week because of his inability to resolve the critical social and economic situation afflicting the province.

Cornered by the situation, Angeloz said during a message to the entire province tonight that next week — six months before the end of his mandate — he will hand over power to Mestre, who will have to immediately address the conflictive situation created by the delay in paying public workers' salaries, which in some cases is three months behind.

The downfall of the Cordoba administration was inevitable after it was confirmed that negotiations to convince Dillon Read of New York to place $150 worth of provincial bonds on the market had definitely failed.

In addition, a 100 million peso bridge loan that half a dozen local banks were thinking of granting to the provincial government to help it pay its debt with public workers depended on the results of these negotiations.

According to estimates, the government needs $141 million to solve its most urgent needs, and this will be new Governor Ramon Mestre's main task. Mestre is also a Radical [Radical Civic Union member].

Delay in Banking Restructuring Questioned

95SM0397A Buenos Aires CLARIN in Spanish 11 Jun 95 p 24

[Article by Alejandro Matvejczuk: "Delayed Start of Bank Bailout"]

[FBIS Translated Text] The Trust Fund, created with contributions from foreign banks and domestic firms, has already earmarked $1.75 million for restructuring private banks. But the first disbursements from the fund, totaling $80 million for Caseros and Argencoop, will not be made until this week.

The rescue fund (called the Trust Fund) will begin distributing money this week, or next week at the latest. Eighty million dollars will go to Argencoop (with a guarantee from Credicoop) and to the Banco de Caseros; CLARIN disclosed the details in an exclusive story last month. Months will then pass before another significant bailout unless the slow pace of the work picks up, because at the moment the fund has no other major case to resolve.

Given this backdrop, it is clear that depositors in the local banking system, be they companies or individuals, will not regain prompt access to their funds. The other side of the same coin is that the sectors that were left without credit after their banks became insolvent will hardly be able to start borrowing again anytime soon.

Where the Fund's Assets Are

When the bank crisis could no longer be concealed (remember that the head of the Central Bank, Roque Fernandez, kept insisting until February that problems were the exception, not the rule), the administration began issuing Argentine Bonds (carrying a low interest rate) to raise funds to bail out the private banks. Thus, foreign banks (worried about maintaining good relations with the administration) and local business groups (frightened by the prospect of financial and economic disarray) decided to put up $1 billion each.

The foreign banks put up their contribution all at once, the local groups in installments. The fact is that the Trust Fund for the private banks has had $1.75 billion for some time now, despite which not a single cent has been disbursed to solve the problem.

This money, divided into halves, is earning interest in two overseas banks (paradoxically, it has not been kept in the country, even though the administration claims that deposits are safe in Argentina). The administration has given assurances to the board of the Trust Fund (for the private bank bailout) that these cash assets are readily available to it through the National Bank (which

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is acting as the trustee of the fund). But the fact is that until now the money has not been allocated for the purpose for which it was raised.

Some say that part of the $1.75 billion was used to pay the foreign debt. Fund directors, consulted by CLARIN, are saying that there is no record of this happening.

Worried by the delays, the undersecretary of banks and finances, Roque Maccarone, hastened to announce more than a month ago that the administration had decided to bail out the Banco Cooperativo de Caseros even though the Central Bank had not even prepared the file on how to implement the bailout. The only operation that it had clearly scheduled was the $40 million appropriation to create Argencoop.

To prevent such negligence the administration looked into granting an advance to Caseros through the Central Bank. The initiative went nowhere.

The disbursement is now finally in its last stage. All of the requirements have been met; it remains only for the attorneys representing the parties to come to terms on the formal (not substantive) clauses that will implement the disbursements.

[Box, p 24]

The Two Cases

Beneficiaries

- Banco Argencoop (a new bank that will begin operating in July; it consists of Aliancoop, Ces, Vaf, Nordecoop, Horizonte, and Local).
- Banco de Caseros (an institution subject to the bankruptcy law of the Banco Cooperativo de Caseros).
- Amounts: $40 million for each bailout.
- Maturities: between five and seven years, with one grace year; interest is paid semiannually; the principal at maturity.
- Rate: LIBOR [London Interbank Offer Rate] plus four percent.
- Special terms: - Banco Argencoop: a "voluntary" restructuring of deposits and the sale of 12 branches to the Banco Credicoop with financing from the Trust Fund ($25 of the $40 million allocated). - Banco Credicoop: restructuring of deposits and the "voluntary" subscription of preferred shares.

[Box, p 24]

First $80 Million Disbursed This Week

The first two disbursements from the Trust Fund, which will be made this week or next, will merely suggest how this arrangement will function. The points that Caseros and Argencoop have in common are:

- A medium-term restructuring of deposits.
- Since customers will be the formal owners (associates) of the cooperative banks, a "voluntary" deduction is being made from their deposits to boost the capital of the troubled banks.
- Sales of certain assets to make more money available to the bank (liquidity).
- Issuance of a long-term debt security, with grace periods, to guarantee payments to the Trust Fund. Interest is paid periodically, the principal at maturity.

Despite these details, however, we do not know how the fund will function in the future. The Central Bank, which alone is authorized to put forward rescue plans, is keeping this confidential.

Since the guidelines that the Central Bank uses to give thumbs up or thumbs down to an operation are unknown, bankers are reluctant to take part, even if bargains are offered them, because they fear being stuck with unwritten requirements.

Many arguments are being quietly mentioned. For example, no one knows why rediscounts equivalent to several times their assets are being authorized for certain banks while others are being told no. What guidelines are being used to take away operating licenses from some banks while others are allowed to keep their doors open even though they have not refunded deposits for months? What specific guidelines are being followed to earmark funding (whether from the Central Bank, the Bank of the Nation, or the Trust Fund)? Why are private audits "discovering" negative assets when just a few months ago the same banks had no trouble passing Central Bank checkups of their balance sheets, which were also certified by presumably honest auditors?

The Central Bank, which is supposed to introduce the troubled banks to the bailout fund, is keeping silent.

Bolivia

Sanchez on Extradition Treaty, Decentralization

PY0607234395 La Paz PRESENCIA in Spanish 30 Jun 95 p 6

[FBIS Translated Text] San Carlos de Yapacani, 29 Jun (PRESENCIA) — President Gonzalo Sanchez de Lozada said in Santa Cruz that the extradition treaty signed by Bolivia and the United States "is procedural, and not retroactive."

He explained, however, that after it is ratified by Congress the treaty can be applied to crimes committed

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before the treaty was signed, but which are contemplated in the legislation of the respective countries where the crimes were committed.

He added: "Exactly the same thing happens when a code is changed. It goes into effect the day of its approval, but it can be applied to events that occurred before its promulgation."

Sanchez de Lozada also said that the negotiations on drug enforcement with the U.S. administration are arduous, and that either today or tomorrow two additional points in the short and medium-term drug enforcement policy of the last stage of the "U.S. ultimatum" will be discussed.

"We are asking for (economic) aid and solidarity from the United States and Europe. I hope we get them," said Sanchez de Lozada, who admitted that this is a difficult task to achieve, because even though Bolivia has a will to succeed in drug enforcement its economic situation is affected by a lack of resources.

Regarding administrative decentralization, he said this is a "promise made to the country that will be fulfilled." He added that his administration is making an effort to get the necessary consensus for the approval of the decentralization law.

He added: "I am confident that a consensus will come from all the Bolivian people to have a decentralization law."

Sanchez de Lozada indicated that the round of talks he sponsored last week with various sectors of civilian society on this issue has helped in moving ahead toward decentralization, and that this progress will be reflected in the reports to be released to the country.

He also said that he had held separate meetings with the leaders of the opposition (ADN-UCS-Condepa) [Nationalist Democratic Action—Solidarity Civic Union—Conscience of the Fatherland] to discuss this issue, but "I realized there had been prior agreement between them, and the dialogue was difficult."

He said that the talks on decentralization are now being held at the congressional level with various political sectors.

Sanchez de Lozada rejected the idea of a political summit on this issue for now, because he believes a summit would be possible only when prior agreement has been reached on the issues on the agenda.

MERCOSUR Trade Accord Extensions Favor Exporters

95SM0403A Santa Cruz EL MUNDO in Spanish 4 Jun 95 p A15

[FBIS Translated Text] The extension of the validity of bilateral trade agreements with the countries which are members of MERCOSUR [Common Market of the South] will favor Bolivian exports, which will continue to enjoy tariff preferences. It will prevent any interruption to the flow of trade. This was announced by Tomislav Kuljis, president of the Bolivian Foreign Trade Institute (IBCE).

These supplementary, economic agreements entered into in the framework of ALADI [Latin American Integration Association], through which a free trade zone is being negotiated, have been extended for six additional months. Bolivia's agreements with Argentina, Brazil, Paraguay, and Uruguay were to have expired on 30 June. However, they have been extended to remain in effect until 31 December 1995. Bolivian exports of non traditional products to MERCOSUR countries during 1994 amounted to $75 million.

Kuljis estimated that Bolivia has obtained about 1,500 tariff concessions from all of the MERCOSUR countries, under the four supplementary agreements. The majority of these concessions amounted to either total or at least 60 percent abolition of tariff duties under the common external tariff of MERCOSUR.

For its part Bolivia has granted about 800 tariff reductions to the MERCOSUR countries as a group, under the same bilateral agreements. Many of the products which will enjoy a total or partial reduction of the consolidated tariff obligation (GAC) support Bolivian industrial or agricultural productive activity. As a result, these agreements can favor not only the export sector but also the regional and national productive sector as a whole.

Negotiations

The Bolivian Ministry of Foreign Affairs has stated that a schedule has been adopted for negotiations between Bolivia and MERCOSUR, which will begin in the first few days of August. The negotiations are scheduled to be completed by October.

He called the extension of the supplementary agreements important, provided that a reasonable amount of time is available to make it possible for the Bolivian Government to undertake negotiations free of time pressures, so that it can achieve the specific results of the negotiations. That is, the most balanced agreement pos-

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sible without Bolivia's losing sight at any time of the fact that it is an economically less developed country.

According to Kuljis, this decision basically reflects a practical consideration. It takes into account the fact that at the same time MERCOSUR is renegotiating in the ALADI framework bilateral agreements with more than a half dozen other countries, all of which expire on 30 June 1995.

Kuljis added that it is known that the working agenda within MERCOSUR is very extensive, involving different efforts now under way to harmonize policies and begin negotiations with other trading blocs, such as NAFTA [North American Free Trade Association] and the European Union.

In the same way MERCOSUR is organizing itself for the summit meeting in June, which left no time for continuing the negotiations with the Andean Group and particularly with Bolivia and Chile. The two latter countries have made counterproposals to the original tariff reduction presented by MERCOSUR in September 1994.

In referring to future relations with MERCOSUR Kuljis indicated that this depends on negotiations which may take place over the next few months, in addition to the answer which it may give to the countries of the Andean Pact and Chile, in response to their proposals.

However, he considers that, in view of what has happened, conditions are favorable for increasing the amount of time available to government representatives. These negotiations require more time to be available.

Kuljis expressed confidence that the negotiations with MERCOSUR will be beneficial to Bolivia, taking into account the fact that almost all of its real, exportable surplus has already been negotiated for preferential entry under an excellent "umbrella" arrangement covering negotiations with the future free trade zone.

Nevertheless, he stated that, although Bolivia, more for political than economic reasons, accepted the challenge of entering into a free trade arrangement with MERCOSUR over a period of 10 years, it did so under a commitment that its rights under the Montevideo Treaty of 1980 will be respected. Under this treaty, as a relatively less developed country, from the economic point of view, "It deserves favorable treatment from the ALADI and MERCOSUR countries."

In this respect he pointed out that Bolivia proposed the total and reciprocal elimination of import duties on nonsensitive products (both capital goods and production inputs) which constituted more than 75 percent of Bolivian imports in 1994. However, he said, this is not a commitment to eliminate tariffs on sensitive products, at least for five years. This objective also implies the existence of a list of "ultrasensitive" goods. These will not be included in the free trade program for the 10 years agreed upon for the establishment of a free trade zone.

Ten Years of Structural Adjustment Program Analyzed

95SM0375C La Paz PRESENCIA in Spanish 1 Jun 95 p 2

[Commentary by Carlos Villegas Quiroga]

[FBIS Translated Text] One of the distinguishing characteristics of recent contemporary life is the relative stability of Bolivian society. Bolivia has lived for 13 years in a democratic environment, something that is unusual in our history. On 29 August the economic policy known as the Structural Adjustment Program will have completed 10 years of uninterrupted implementation. During this period, the three consecutive governments declared martial law a total of four times. On 6 August, the administration of President Gonzalo Sanchez de Lozada will have completed the first half of its term in office.

Also during this period, Bolivia earned the right to participate in a World Cup of Soccer. One aspect that stands out from this experience is the need to emphasize self-esteem at the national level. We Bolivians have the ability to meet challenges of this sort by planning and taking concerted action that can yield excellent results.

Because of the events that have taken place in this most recent phase, it is advisable to call a halt—figuratively speaking—to the social dynamic in order to reflect objectively concerning the results being produced by the profound transformations in the nation's economic, political, and social life.

Some of these results have been positive, to be sure, and some have been negative. The positive results will have to be consolidated and the others corrected, namely those that are negatively affecting the favorable development of governability, economic competitiveness, and social integration.

There is no doubt that the democratic environment has reoriented the conduct of individuals and private and state institutions, yielding a favorable result: the coincident social consolidation of the democratic way of life in our society. Representative democracy has its limitations, and it is therefore important to enrich its content—to make it a participatory democracy so that the excluded sectors will have real opportunities to participate in the decision-making process. One of the recent experiments in this regard is the Popular

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Participation movement, the potential fruits of which can be perceived in the rural areas but in the urban centers do not go beyond the limits of municipalization.

In the initial stages of the democratic opening, the majority of the population expressed their optimism and freely voiced their expectations concerning the economic and social fruits that they should be able to harvest. Several important events occurred during this period: a crisis, unprecedented hyperinflation, and the start of the structural adjustment. Attainment of the objectives of this economic policy is contingent primarily on finding a solution to the external imbalances and the acute levels of poverty. Specifically, a sustained process of economic growth is proposed that would take place simultaneously with an improvement in the volume and quality of savings and investment and in the productivity of the factors of production.

In view of the crisis that Bolivia has experienced and the technological changes that have taken place in the world economy, the challenges that we will probably have to meet are even greater than those indicated in the Structural Adjustment program. The collapse of the style of development associated with the Revolution of 1952 should serve as a warning and prepare the ground for a redesigned production system and social nucleus. This of course presupposes fulfillment of a basic prerequisite: the development, upgrading, and consolidation of a leadership capable of plotting and facilitating a medium- and long-term course of action.

Ten years is sufficient time to evaluate the economic, political, and social effects; to draw the appropriate conclusions; and what is even more important, to reflect on—and identify—the profile of the society that the Structural Adjustment program is building with a view to laying the foundations for the trilogy of good government, genuine competitiveness, and social integration.

The 13 years of democracy have unquestionably forced the political parties to employ a logic different from that of the dictatorial past and to discard in the ashcan of history their all-or-nothing attitudes that called for elimination of the opposition. With the exception of the Hernan Siles Zuazo administration, the political parties learned how to create the optimal conditions for governability by means of short-term pacts that generally coincided with the duration of the term of the administration in question and made it possible to take basic decisions to cope with crises and eliminate hyperinflation.

Internally, however, the parties have undergone no significant qualitative change. They exhibit very few signs of democracy and continue to be organized vertically, and as a result party bossism continues to define the course of these organizations. Although no generalization can be made, this tendency is present in the majority of cases. Another factor is corruption, which has infected the parties in varying degrees. Few attempts have been made to eliminate this chronic sickness, the eradication of which is dependent not only on partisan decisions but also on the attitudes and decisions of the institutional system itself, which should set the rules for the internal and external operations of the parties. If this is not done or is long delayed, the parties will continue to lack credibility with Bolivian society and will continue to be the recipients of its harsh criticism, all of which will most certainly have an adverse effect on democracy in general.

The pacts and accords that the political parties have achieved and that have ensured success in the management of economic policy did not permeate most of the organizations of civilian society. In our country there is still no tradition of medium-and long-term concertation or pacts. The annual accords are the product of the confrontations and intransigent positions of the social forces in conflict. This was true in the case of the recent Government-COB [Bolivian Labor Federation] impasse and the promulgation of the corresponding martial law decree, which is a rite that was repeated in all three of the administrations of the 13 years of democracy. As a result, one of the unfavorable balances accruing from those 13 years is the inability of the different governments and political leaders to conclude medium-and long-term pacts.

This phenomenon is also important as it relates to the modifications of the roles and functions of the state and its representatives in our society. The state should undoubtedly be redimensioned. The problem—and the debate—concern the intensity of this process of empowering the peasantry and the roles that such a process should play in heterogeneous societies such as ours.

The private sector—and primarily its entrepreneurial component—should become the leading actor in this scenario, because its decisions will determine the profile of the production apparatus, the creation and quality of jobs, the distribution of income, and the entry into the international market.

The private sector is consequently also responsible for building a program of genuine competitiveness based on the incorporation of new forms of production, development of the skills of the labor force, and rational use of the national resources. Another new feature is the commitments that the workers and their respective labor unions must assume.

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For this reason, the market should not be given the exclusive power to design the type of production apparatus and social relations that should be established in Bolivia. It is of prime importance that the national administrations, the political parties, and the organizations of civilian society make an effort to create a social atmosphere that will enable political leaders and governments to come together in a process of reflection conducive to the signing of accords for the purpose of obtaining a qualitative improvement in the areas of governability, genuine competitiveness, and social integration.

The market should therefore not become the sole architect of such a commitment. It is appropriate for civilian society to have opportunities for dialogue and for accords, because the problems that beset Bolivian society are structural and their solution accordingly requires a medium- to long-term vision.

OTBs' Role Under Popular Participation Viewed

95SM0373C Cochabamba LOS TIEMPOS in Spanish 22 May 95 p 11

[Commentary by Osvaldo Pareja M.]

[FBIS Translated Text] If they do not abandon their principles, the OTB's [Grassroots Organizations] could be a means for popular participation to regain its political potential and become a new instrument for mobilization of the people in behalf of a society organized with justice and solidarity.

It is possible that in these coming municipal elections, the urban social movement in the underprivileged barrios—rising above the instructions of the power-satiated political bosses of Fejuve [Federation of Neighborhood Committees]—will determine the course of the municipal government and its composition, and even the outcome of the coming national elections.

In fact, the significance of the emergence of the social movement in the barrios is already acknowledged in academic circles that are associated with what has come to be called "urban sociology." The Marxist interpretation of this phenomenon, however, has not always been correct. Although the separate studies by Castells and Lefevbre, for example, do reflect an understanding of the economic and social causes that are contributing to the upsurge of the social movement in the districts on the outskirts of the urban centers, they regard the phenomenon as a mass of excess population that is overwhelming the limited number of jobs available under capitalism in these districts. According to these studies, it is a population that an anxious left believes is being converted into a parasitic sector that is alienated from the system and linked solely to the structure of the social services, on which it survives and on which it exercises its pressure exclusively.

It is a mistake, however, to view the urban social movement as being linked solely to the social service structure of capitalist society. In fact, the forms of articulation (economic, social, cultural, and religious, among others) between the groups residing in the urban peripheries, on the one hand, and the prevailing society and system are very broad and comprehensive. For example, a relationship with the system that appears to be solely economic actually requires a complex of cultural relations including a command of the Spanish language; a certain level of education; a certain level of acceptance of the urban environment; a level of assimilation of customs that will permit entry into the current culture of consumption; an increasing acceptance of urban forms of religious practice; integration with new social relationships (such as the networking based on mutual interests and friendships that is typical of the urban environment, to the detriment of the blood relationships and reciprocity that are typical of the rural culture of one's origin); subordination to new spatial concepts that require a different use of the habitat by redefining its functions and adapting it to the new environment; and so forth and so on.

The social phenomenon of the barrio is waiting for new interpretations and new styles of work that will permit its incorporation into a plan for societal organization that is more humanist, cooperative, and integrated—a plan that restores political awareness to the sector and discards the political patronage system and opportunism of some neighborhood leaders.

In our opinion, whoever is capable of utilizing the economic, technical, and legal resources of the municipality to solve the problems of urban alienation will deserve the people's respect and their votes. The people need to understand that there are only two clearly defined and distinct philosophies: on the one hand, the philosophy of those who—together with their retinue—offer them "candy" and represent a municipality that is oriented toward the city proper and espouses social conciliation while simultaneously spending freely on an infrastructure of luxury, and on the other hand, those—including ourselves—who propose a municipality that is oriented especially toward the alienated sectors of society while working to rebuild the organic structure of the popular movement from within the barrio organizations themselves rather than from positions in their leadership; working within their system of labor rather than outside it; strengthening their ability to find a genuine solution to their common problems; and motivating them to participate in the decision-making process. We believe that democratization of the organization of the OTB's—

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together with their responsible and conscientious operation in fulfillment of their commitment to the rank and file—will provide the environment for creating a power base for the people.

Seduced by the continual declarations of a "desire to work for Cochabamba," of "services for the community," of "affection for the Llajta," and the like, and by other patronage-oriented mechanisms eager for political gain in terms of votes, the people have been deprived of any alternative, and this situation has resulted in their demobilization and depoliticization.

We can say unequivocally that the existing forms of barrio organization—the Neighborhood Councils—reflect the universality of the various ways of articulating the alienated urban population with society and the state, namely the negotiation of public services; the official processing of "demands," the institutionalization of forms of social representation; the construction of grandiose public works; and the like. The municipality has integrated the demands of the people into its own mechanisms of negotiation and procedure, thereby consecrating the new system of patronage.

Popular participation, together with the organization of the OTB's, presupposes an explosion of the traditional patronage mechanisms that have served—and still serve—as the basis for the Neighborhood Councils. It also presupposes replacement of those mechanisms with new movements that can bring a new dynamic to encourage "spontaneity" and also bring a creativity—and a desire to serve—that appear to have become exhausted in leaderships that enjoy lifetime appointments.

Consolidation of the OTB's can constitute a new social force—a new urban agency—that while demanding its place in the urban scene can develop levels of awareness of its potential as an important actor in the struggle to convert the resident of a neighborhood into a full-fledged citizen.

The OTB's should serve to promote new forms of popular participatory democratic organization that are prepared to fight for a new type of barrio coexistence; to fight corruption, speculation, oppression, and exploitation; and to fight to improve the quality of life—in short, that are prepared to be the subjects, rather than the objects, of urban development.

Parties' Power Based on 'Retrograde' Centralism

95SM0403B Cochabamba LOS TIEMPOS in Spanish 8 Jun 95 p A10

[Commentary by Jose Luis Roca: "We Are on the Road Toward a New Nationalism"]

[FBIS Translated Text] The useful life of political parties in Bolivia is relatively short. Over the past half century the MNR [Nationalist Revolutionary Movement] has been an exception to this rule, since none of its other predecessors has functioned for so long a time. The explanation for this might be found in the infinite skill of this party in changing its position and ideology, much as you might change a shirt, and in the unequaled ability of its leaders to improve the party's position under the protection of governments of any kind, including, of course, military dictatorships. For those who may think that I am exaggerating, I invite them to examine the "record of changes" made by any of those governments.

Leaving aside the men who have led the MNR, perhaps in one sense this political group has been consistent as a party. That is, in its obstinate centralism and in its authoritarian determination to annihilate or repress irredentist aspirations of the various regions of the country. It was due to this tendency that it fell from power in 1964. James Malloy has shown this in his unsurpassed study of the national revolution.

The MNR returned to power in 1985, under its founder and leader, due to the panic which the Bolivian people felt over the hyperinflation of those years. For that reason we gave the presidency to Victor Paz Estenssoro on little less than a silver platter. (I include myself among those who gave it to him.) We did this, trusting in his experience and his skill, including his ability to change his shirt, or at least his undershirt, at the right time. The truth is that Doctor Paz did his job very well. Nevertheless, many people (including the writer of this column) forgot that with regard to centralism the old leader of the MNR continued to be the same. He proved this dramatically in his farewell message to the National Congress in 1989.

There seems to be no doubt that the MNR will fall from power, as it did in 1964, due to its obstinate and authoritarian centralism, now epitomized in President Gonzalo Sanchez de Lozada. The question is how and when. o73 For their part the MIR [Movement of the Revolutionary Left] and the ADN [Nationalist Democratic Action party] have become "traditional" political parties in less than two decades. That is, they operate in accordance with the ideology of the Plaza Murillo, which always deals with the idea of

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decentralization as if it were some kind of dirty clothes. Several of their leaders have used the civic movement as a catapult to reach high positions in their respective party leaderships. When they had in their hands the definite possibility of passing a wise decentralization law, they rejected it to avoid risking their comfortable, personal positions.

New political parties such as the UCS [Solidarity Civic Union] and CONDEPA [Conscience of the Fatherland] are now playing the classic game of maneuver and ambivalent opportunism. They feel the same aversion and fear for decentralization as their older colleagues in political life. They do not say so openly because they think that they are very clever. This will continue until the danger is past and, at the right time, they may say that "they vigorously support civic demands."

The people who live out in the countryside, as well as in the city and Department of La Paz, have already learned how to recognize the political parties which base their power on a devastating and retrograde form of centralism. And they have taken refuge in their respective movements or civic committees in a timely way. From time to time these groups cause concern with their protest meetings.

It is in this civic movement that the power of the new nationalism lies.

Brazil

Cardoso, Venezuela's Caldera Sign Caracas Declaration

PY0707022095 Sao Paulo GAZETA MERCANTIL in Portuguese 5 Jul 95 p A6

[Article by Maria Helena Tachinardi in Caracas]

[FBIS Translated Text] President Fernando Henrique Cardoso and his Venezuelan counterpart, Rafael Caldera, yesterday signed the Caracas Declaration. In the Caracas Declaration they emphasize the immediate start of negotiations "to protect exemptions and increase the existing trade flows" with the goal of making headway, beginning in 1996, toward establishing a free trade zone within 10 years at the most.

The presidents also signed the Miraflores Accord. The ministers of the two countries signed another nine documents, including cooperation in iron and steel metallurgy, an agreement on international overland transportation for passengers and cargo, an agreement on a planning adjustment, cooperation in the Amazon and Orinoco regions, a protocol of intent between PDVSA [Venezuelan Petroleum, Inc.] and Petrobras, an agreement on investments protection and promotion, an agreement on technical cooperation in telecommunications, a declaration on the establishment of a free trade zone, and a protocol on border trade cooperation.

The Brazilian Government and the Venezuelan Government are still reviewing the Guri-Boa Vista-Manaus electric interconnection project. According to the accord, the Brazilian Government and the Venezuelan Government hope to implement this project as soon as possible.

Cardoso believes that the paving of the Caracarai-Manaus highway by Brazil represents a priority. The two countries "emphasized the significance of finishing the paving of the BR-174 highway between Caracarai and the BV-8 landmark, representing the first paved highway link between Boa Vista, the capital of a Brazilian state, and Venezuela. Eight hundred kilometers between Manaus and Boa Vista remain to be paved.

The main points of the agreements are as follows:

— The two countries will speed up customs operations in the border area. The two countries formed three committees: border coordination, trade issues, and customs procedures.

— Brazil and Venezuela will develop joint programs and projects to integrate the Amazon and Orinoco regions into the River Plate basin, which will permit navigation and the interconnection between these two river systems.

— The Planning Ministry of Brazil and the Office of Coordination and Planning of the Presidency of the Republic of Venezuela (Cordiplan) will exchange missions of experts to review specific projects.

— Vehicles from the two countries, transporting passengers or cargo, are authorized to enter and depart either of the two countries through the authorized border points, based on reciprocity.

— Two working groups have been formed in the communications and planning areas. The planning working group will deal with current changes in the international economy and the regional integration process.

— Binational projects between the Venezuelan Guyana Corporation and the Vale Doce Company will be developed for sustainable mineral exploration.

— Brazil invited Venezuela to participate in the Amazon Region Surveillance System (Sivam).

— The two countries convened for 19 September the Fifth Joint Commission Meeting. The Joint Commission was established in an agreement on the prevention, control, monitoring, and repression of illegal drug abuse.

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— Air connections between northern Brazil and southern Venezuela will be established in the short term.

Cardoso Downplays Court Suspension of Sivam Contract

PY0707020495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Jul 95 p 2

[Report by special correspondent Francisco Leali from Caracas]

[FBIS Translated Text] President Fernando Henrique Cardoso believes that his administration will easily obtain a reversal of the federal court injunction suspending the contract signed with the U.S. company Raytheon for the installation of the Amazon Region Surveillance System (Sivam). Although noting that he was unaware of the court order, Cardoso downplayed the significance of the injunction which, he said, is part of a democratic system.

Cardoso said the injunction would not pose a problem for the installation of the system of radars for the protection of the Amazon region. In remarks at Miraflores Palace, the seat of the Venezuelan administration, Cardoso said: "Fortunately, in today's Brazil, in the democracy we and the people are rebuilding, we are experiencing a stage at which petitions for injunctions are filed daily to suspend this or that action." He added: "So many injunctions have been issued that they have become commonplace and overused."

According to Cardoso, the injunction could be reversed within 48 hours. He said: "We have to see the contents of the injunction in order to get it reversed. Judges usually issue injunctions when they still do not have enough information. As soon as the required information is provided, the judge herself will reverse it."

In his address before the Venezuelan Congress, Cardoso invited the Venezuelan Government to join Sivam. He noted that the confidential nature of the information to be collected by the Sivam radars would not prevent Venezuela's participation. He said: "It is perfectly possible for our two countries to cooperate with each other, because we share mutual interests and will be able to defend our strategic interests." Cardoso said that "antagonism will never prevail" in Brazilian-Venezuelan relations.

Former Planning Minister Scores Real Plan

95SM0405A Sao Paulo ISTOE in Portuguese 14 Jun 95 pp 5-7

[Interview with Deputy Delfim Netto, former minister of planning, by Carlos Jose Marques and Luciano Suassuna, during the week of 4 June 1995; place not given: "In the Country of Ingana"; introductory paragraphs in boldface as published]

[FBIS Translated Text] **Deputy Delfim Netto supports devaluation of the real and complete deindexation and says that Brazilians are paying taxes like those in Great Britain for services like those in Ghana.**

Over the next 30 days, two topics will be discussed with increasing intensity in connection with commemorations of the first anniversary of the real: deindexation of the economy and correction of the exchange rate. The first of those topics is presented at all meetings by the economic team. The second is the favorite topic of the administration's most relentless critic: Deputy Delfim Netto (PPR [Progressive Renewal Party], Sao Paulo). "The URV [real unit of value] was a brilliant idea introduced with great skill. But the overvaluation of the real is the mother of every current mistake from the high interest rate to the trade deficit," he says. "It is a pity that people in Brazil have the idea that one mistake plus one success adds up to half a success. It does not. The result is one big mistake."

Delfim feels that the stabilization plan that brought inflation down from 50 percent per month to 30 percent per year is at a crucial point. If it does not deindex the economy and devalue the real, Brazil will become another Mexico. The deputy is comfortable in the opposition. When defending those two ideas, for example, he calls members of the administration who disagree with him "fools" and "idiots." Twenty years after being accused by PSDB [Brazilian Social Democracy Party] economists of transforming Brazil into "Belindia"—a country with Belgium's wealth and India's poverty—he has found an image to throw back at them. He calls it the country of "Ingana"—the country that collects British taxes and provides Ghanaian services. The deputy met with ISTOE last week and explained, during a two-hour interview, his disagreements with the direction being taken by the Real Plan.

[ISTOE] You have been presenting yourself as a critic of the Real Plan. What is your assessment of this economic moment?

[Netto] I feel that in the Real Plan you have one fundamental feature: as the structure for an indexed currency for combating inflation, it was a brilliant idea very skillfully implemented, and it produced truly extraordinary results. From the very first moment, my only objection has been the idiocy with the exchange rate, which, I am still convinced, is the mother of all the mistakes being made. You only have to have that interest rate where it is because of the mistake you made

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with the exchange rate. You have eliminated Brazilian agriculture.

[ISTOE] But aren't we going to end up with another record harvest?

[Netto] That is the crop that was planted, with St. Peter's help. We'll see what happens next.

[ISTOE] Do you mean that the real has reached a crucial moment?

[Netto] The fact that they are not implementing complete deindexation means that they are going to have inflation of 25 or 30 percent again next year. We are just fooling around with all this business about the price index; it is being commemorated, but the only thing it has really reduced is agriculture. According to the IGP-M [General Market Price Index], the cost of living is up by two to four percent, the cost of construction by two to four percent, and industrial products by one percent, while agricultural products are down by two or three percent. That is why the change in the index is so tiny. How long do you think the rate of growth in agricultural prices will stay negative?

[ISTOE] Can't agriculture take care of itself?

[Netto] When August gets here, the situation will start to reverse itself, if the outlook for the harvest is bad, if less is planted, and if St. Peter does not intervene. Because we have bribed St. Peter, he has already done the first part of his job, which was to pour water on the United States and cause that mess. Now I want to see whether he will fulfill the second part of the contract and make it rain here right away.

[ISTOE] What about the exchange rate?

[Netto] In any program like the one in question, you would have to start with a stable exchange rate. You would not need to let it drop to 83 centavos. If it had remained at the rate of one real to one dollar, you would get the same inflationary result, neither more nor less.

[ISTOE] Was it the intention to sell a strong currency?

[Netto] The intention was to invent that story about selling a strong currency. It was an esthetic exaggeration that had complicated consequences.

[ISTOE] The plan is now a year old. Which direction should it take?

[Netto] I feel that in the program that was headed by Persio Arida (president of the Central Bank, who has resigned), the interest rate had two simultaneous roles. With these extremely high rates, Brazil is the biggest turkey available on the international market.

[ISTOE] And are the investors coming to the banquet?

[Netto] With the interest rate up where it is, the only thing necessary was to eat just a part of the turkey drumstick, and now everyone is coming here. The American comes here and earns four percent per month in dollars, meaning that he earns as much in six weeks here as he would in 52 weeks in the United States. That is the first effect. The second is that it reduces the level of activity. So imports fall, perhaps affecting some product for export, but leave that aside. So you have two effects: it brings in capital to finance the possible deficit on the current account, and it reduces imports. So the move is in the direction of correcting the gap in the trade balance. But it will not correct it without foreign exchange, and that is why I said: "Keep that separate." At the same time, employment is declining. And when the employment level declines, what happens to wage negotiations? Bargaining power is reduced. At that point, you allow free wage negotiations, I reiterate, and free the financial market of all indexing. In other words, you will have an interest rate like that in any other country in the world.

[ISTOE] You said that was what Arida had in mind. Don't you feel that President Fernando Henrique is thinking that "that is the way"?

[Netto] He was inexorably headed that way. I do not know whether Fernando Henrique is going to follow the same path. That is his problem. What I am saying is this: it is still possible to lower the interest rate. The most that can happen is that he will lose courage and not implement complete deindexation. And that is where he will lose the game.

[ISTOE] You are talking about reducing economic activity. Not long ago everyone began saying that Brazil was growing too fast: that we would have to grow at a slower pace.

[Netto] You cannot grow at 10 percent for the simple reason that the balance of payments will explode. That is another problem. Brazil has abandoned exports over the past 10 years.

[ISTOE] Since you left the government?

[Netto] Exactly. In 1984, Brazil was exporting more than South Korea. Brazil's exports totaled $27 million compared to South Korea's $26 million and China's $18 million. In 1994, Brazil's exports totaled a miserable $43 million compared to South Korea's $96 million and whatever China's figure was: perhaps $90 million, $97 million, or $100 million—no one knows because no one can gain access to Chinese statistics, but the figure is certainly not less than $90 million. China's exports increased fivefold and South Korea's threefold, while

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ours grew by 70 percent. So there is no way out: if you grow too fast, you go broke.

[ISTOE] But China is growing by 10 percent, and it has not gone broke.

[Netto] Obviously it is not going broke because the Chinese are smart. There was a deficit on current account two years ago, but now there is a surplus again. That's all there is to it.

[ISTOE] Was Persio Arida's resignation brought on by the high interest rates and the idea of deindexation?

[Netto] I do not believe that story. I feel that there are disagreements that have been building up. Since the unsuccessful attempt at foreign exchange correction on 6 March, I have had the impression that Persio had a somewhat clearer idea about correcting the thing for good. And his idea was the right one. But I feel that he ended up compromising in order to accommodate mistaken positivists. Only in Brazil do people think that if you take a correct idea plus a mistaken idea and divide by two, you get half an idea.

[ISTOE] In the case of foreign exchange, what is the correct idea?

[Netto] He probably wanted to make a more extensive adjustment or adopt a wider band, which is the correct idea. Today that has gone by the board; I feel that it had been building up. Brazil may be the only country in the world with two exchange rates, one for exports and one for imports, where you give a few subsidies through the export rate but give bigger subsidies through the import rate, with the result that the import rate is cheaper than the export rate.

[ISTOE] Wouldn't it be better, then, for the administration to adopt a quota system for imports?

[Netto] Picture it: that would be a step backward. You would be going back to the 19th century. Besides, we are on this path, and there is a new brilliance about it. I found this out yesterday: Dorothea [minister of industry and commerce] has discovered that exchange rates affect exports. That is something fantastic: she will surely receive the Nobel Prize in economics.

[ISTOE] A triumvirate was cooperating in the economic area. It consisted of Minister of Planning Serra, Minister of Finance Malan, and Persio Arida of the Central Bank. Why was that threesome broken up?

[Netto] I consider Persio to be an extremely sophisticated economist. He really is more sophisticated than the other two. So it is not a question of being absent or not: his position is that of the president of the Central Bank; he is not the leader of economic policy. I do not know, but I feel that Persio just got tired. Some of the things he wanted to do, and which are absolutely necessary, were not done. Here you have to recognize that there are political limitations. An economist cannot always write out a prescription, give it to the pharmacist, and say: "Fill this prescription." I feel that he is right. You have to commit yourself to a real deindexation and do so logically. Actually, the only way to lower interest rates is, first, to leave those rates where they are. That will produce a slowdown in activity, and after you reduce the level of activity, unemployment rises, thus reducing production.

[ISTOE] You said recently that this was the country of "Ingana"—with British taxes and Ghanaian services. Do you really feel that our biggest problem is still the tax burden?

[Netto] Actually, that is a joke. When I was in the administration, they came up with the story that we had created "Belindia"—that Sao Paulo was Belgium and the northeast was India. So now I joke that they have created "Ingana," a country with a higher tax burden like that in Great Britain but one providing services like those in Ghana.

[ISTOE] That is a tradition of ours, since the country of "Ingana" is not something new.

[Netto] Excuse me, but services have worsened in direct proportion to the increase in available funds: that is what is actually the case. The tax burden today is about five, six, or seven percent higher than it was, and services are probably half what they were. That is how we turned into Ghana.

[ISTOE] And whose fault is it?

[Netto] Brazil's. Who is to blame for letting it happen? We are.

[ISTOE] There are those who say that Fernando Henrique's administration is not very vigorous: that it negotiates too much with Congress. Is that true?

[Netto] No, I consider that absolutely false, first of all because it does not negotiate anything. There has never been a steamroller like the one in office now.

[ISTOE] Do you consider it intransigent?

[Netto] No, there is no intransigence. It has a majority, so it comes here, debates a little, goes home, and that is it. What can you do? The rule in Congress is that those who have votes have the votes, and those who do not have them complain, shout, obstruct things, and say that they are the only ones defending Brazil.

[ISTOE] Isn't it reasonable that the administration should have a majority and move forward with a bill?

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[Netto] When the bill is a mistake—when it really serves no purpose, as was the case with the social security bill—it is in fact blocked.

[ISTOE] Deputy, everyone today is expressing regret about what he wrote in the past. Are you doing the same?

[Netto] You can take anything I have written and just see if I do not defend it. Take anything. It is obvious that circumstances have an influence—that is obvious. You are much wiser after the future has become the past. When the future has become the past, it becomes a subject for the sociologist. The economist has to confront the future as the future, while the sociologist has to explain what happened. It is a very simple thing. How do you make a decision? You make a decision based on all the information available to you at the moment. You do not make a decision arbitrarily. I was commenting this morning that those fools doing the talking over there now used to say that Geisel was making a big mistake.

[ISTOE] Who are those fools?

[Netto] Fools are the ones in the administration, and it will not do any good to try to make me be more specific because I am not going to say. They are fools. What were they saying? Nonsense: "You can't go into debt; you must ration fuel." There, you idiots, look now at what fuel rationing would have caused.

[ISTOE] The other day, Deputy Maria da Conceicao Tavares said: "Deputy Delfim is not joking, he is jeering; what he wants most is for everything to go down the drain." Do you want everything to go down the drain?

[Netto] That is nonsense. I do not want anything to go down the drain; I want Brazil to progress, and I always cooperate to that end. My criticism of the real was simply a criticism of the exchange rate, and we will see who is right.

[ISTOE] How do you view the possibility of breaking up the monopolies?

[Netto] I feel that breaking up the monopolies is an important thing because, in my opinion, you need to subject all those processes to real competition.

[ISTOE] Don't you fear the creation of small private monopolies?

[Netto] Private monopolies are controlled by the law, but nobody controls a public monopoly.

[ISTOE] Is it beneficial to privatize a firm like the Rio Doce Valley Company?

[Netto] I feel that privatization is a matter of words. The Rio Doce Valley Company is already a private firm. It has had an advantage for years. There is someone there named Eliezer Batista whom everyone respects, and who has been spared all interference. The company has competed on the international market since it was founded. It is not a monopoly at all; it is indeed a competitive firm, and it competes vigorously. In my opinion, if you sell the Rio Doce Valley Company, it will be a very useful thing. What do you need the Rio Doce Valley Company for? What is it worth: $15 billion, $16 billion, or $17 billion? If you sell it, well and good, because you can use that money to pay off the domestic debt, and won't that have an effect?

[ISTOE] Why do you have that poster of yourself over there? Is it a souvenir of your campaign?

[Netto] Yes.

[ISTOE] Serra has a pineapple on his desk.

[Netto] He has delusions of grandeur. Hell, what can I do? (laughter)

Changes in Union Movement Viewed

95SM0389C Rio de Janeiro JORNAL DO BRASIL in Portuguese 11 Jun 95 p 4

[Article by Claudia de Souza with Fernando Neves and Jorgemar Felix of the Sao Paulo bureau and Francisco Goncalves of the Brasilia bureau: "Socialism Changes Shape and Loses Its Sense of Direction"]

[FBIS Translated Text] Sao Paulo—The Brazilian labor movement is not doing well. It represents less and less of the factory-worker class and more and more sectors of the middle class, who are not much interested in abolishing compulsory union dues or adopting union plurality. It is hard to know who holds the key to change today: The unions are finding themselves weakened in confrontations with the government, and President Fernando Henrique Cardoso, who says he is a social democrat, has no interlocutors from the working class. The key cannot be found at Union Strength, modern in its discourse but remote from the factory-worker class and close to the administration and the business community. The key still may be found closer to the CUT [Sole Workers Central]. But that powerful labor federation needs to make a lot of changes if it plans to lead the factory-worker class into paradise.

The problems start with the absence of the industrial worker and low-income worker from the decisionmaking centers of the labor movement. The famous "bases" of the union movement are pulverized now. Of the more than 10,000 unions in Brazil, most are municipal in coverage, and insignificant. In the case of the CUT, the best

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organized of the union federations, the one that has and publishes the most information, 40 percent of its member unions have fewer than 500 members. Only 1 percent of them have more than 21,000 members.

Model

"This means that, if a change were to occur in the present model of the labor movement that leads to the abolition of the union dues deduction, only the most active and representative unions will survive," argues Political Science Professor Leoncio Martins Rodrigues of the University of Sao Paulo (USP), author of several books on unionism, who has been following the labor movement closely for 35 years.

What is happening in Brazil is not unique. Ever since Margaret Thatcher and her "people's capitalism" came to power in 1979, England—the fatherland of the union movement—saw the number of unionized workers, which was nearly 13 million, drop by 5 million. In 1991, there were more people employed in the hotel industry and the services sector than in industry. The glory days of labor were over.

CUT's problem today is no different. As early as 1993, 55 percent of its unionized workers came from the services sector, while workers from industry represented 27 percent and rural workers 18 percent. The biggest unions affiliated with the CUT are not from the industrial sector: They represent professors from the Sao Paulo public schools, education workers in Belo Horizonte, bank workers, and employees of state enterprises. Of the 25 largest CUT unions, six represent bank workers, six represent teachers, five represent metal workers, two are from the transportation sector, two others represent social security system personnel, one represents the chemicals industry, another public servants, still another represents electricians, and one represents urban services workers.

Effects

Militant members of the CUT have felt the effects of the new reality. Between 1988 and 1994, the economy changed and so did the delegates to the successive Concuts (the CUT's national congresses). Militancy, formerly mostly exercised by the "bases," became the task of union leaders. Production personnel accounted for 51 percent of the delegates to the 1988 Concut, held in Belo Horizonte; in last year's Concut, held in Sao Paulo's Southern Zone, they were only 20 percent of the participants. People with high school or university diplomas, with jobs in the public sector (more than 60 percent of the delegates at last year's meeting), looking much more like the "petit bourgeoisie" than the factory-worker class, began dominating the debates.

"Although it emerged as a movement of opposition to the corporativist model, the CUT has become more and more institutionalized, increasingly comprised of directors of official unions who have no connection to the production process and make their living from the union organization," said Leoncio Martins Rodrigues. "According to reports by Gilmar Carneiro, then secretary general of CUT, in 1993 there were 35,000 union leaders, 53,000 union delegates and representatives of CIPAS (internal accident-prevention committees), and 30,000 union employees—1,300 lawyers, 800 journalists, and 300 economists—who produce 6 million union bulletins a month, more than 100 radio programs, and one national TV show," the professor said.

What characterizes Brazilian unions is their stubbornness in remaining tied to the corporativist model, created in the 1940's, based on automatic and obligatory membership, and to the principle of a single association per occupational category. At that time, the International Labor Organization (ILO) introduced union plurality—a system under which several unions can represent workers in a single category—as part of its principles guaranteed by Convention 87. Brazil, although a permanent member of the ILO, has not yet ratified that item. The regulations, which have already been through the Chamber, are stalled in the Senate.

"Although formally the CUT accepts union plurality and the ILO's Convention 87, I have not yet seen any movement by the CUT to pressure Congress for a change in the Constitution that would make recognition possible," Professor Martins Rodrigues said. Last year at the Fifth Concut, 57 percent of the delegates, responding to a CUT survey, said they oppose making pluralism legally possible. But the winds are blowing in the other direction today.

Opening

The larger companies, with the opening up of the economy and the pressure for higher productivity felt in recent years, have started to let profit-sharing, productivity gains, and early wage increases, rather than conflict, guide relations with their employees. Another important change: the flight of companies from heavily industrial regions to others where there are tax advantages.

"The technological and managerial revolution is not affecting all production sectors with equal intensity," the professor explained. "Where change has been slight, it's possible the union will continue to be important. My prediction is the decline of unionism in the face of changes in contemporary societies. But I'm talking about a decline, not disappearance."

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An X-Ray of the Sole Workers Central (CUT)

The Member Unions Participation by Sector			
Industry			27%
Services			55%
Agriculture			18%
Educational Level of Delegates			
	1988	1991	1994
Low	33%	7%	9%
Middle	33%	43%	35%
High	34%	48%	55%
The Biggest Delegations (1994)			
Workers in education			23.9%
Metalworkers			10.2%
Rural workers			9.4%
Civil servants			8.5%
Health workers			7.6%
Delegates by Sector[1] (1994)			
Private companies			32%
State enterprises			26%
Semiautonomous government agencies			35%
Rural properties			7%

[1]Includes foundations and public services.

Source: DESEP (CUT)

Direct Line to the President

The most recent revelation of the "unionism of results" is the president of the Metalworkers Union of Sao Paulo, Paulo Pereira da Silva, aka Paulinho—who talks directly to President Fernando Henrique Cardoso and a good many ministers. At 38, Paulinho has been working alongside Luiz Antonio de Medeiros, president of Union Strength, since 1987. Before then, he toiled in opposing fields, in the country's largest union.

While Medeiros was an ally of Joaquim Andrade, aka Joaquinzao, the former president of the union accused by some of the occupational category of being a *pelego* [one who puts the government's interests ahead of those of workers], Paulinho was in the opposition. When Medeiros decided to run for president, he put together a slate that included the opposition and moved closer to Paulinho—now the natural successor to Medeiros.

Paulinho believes the best way for workers to obtain dividends from the union struggle is by talking with management and the government. In this he follows in the footsteps of Medeiros, his tutor.

Metalworker Who Brought GM to a Standstill for Two Weeks

A small office at the Metalworkers' Union of Sao Caetano, full of law books, is home to the only metalworker leader who has been able this year to halt production of an automobile plant in Sao Paulo's ABC industrial zone. Leading 11,000 General Motors workers, Aparecido Inacio da Silva, aka Cidao, president of the union, which is affiliated with Union Strength, stopped the fac-

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tory for two weeks in April. "We wrung an 8.3-percent raise from them," he recalls.

Controversial, Cidao, 43 and a second-year law student, has presided over the union since 1987—although he preaches renewal. This year, the union purchased three Corsas Wind autos for its own use. The car cost, before prices were fixed, was 8,883 reals [R]. One of them is used by Cidao. The union member says the cars were purchased directly from the factory, but GM denies this. One thing Cidao fears is the wave of "contracting out" that is gaining ground at the companies. "GM, which has 11,000 employees, might end up with only 3,000. The others will be independent contractors."

Resistance as Tactic

CUT advocates that the Labor Court system remove itself from talks between employees and management. Its interference is probably the leading cause of misunderstandings, in the opinion of Remigio Todeschini, director and treasurer of CUT. "The Labor Court always tries to impose its decision," he said. CUT's proposal is to limit the interference of the Court to issues in which the law has been violated. He cites the oil workers' strike as an example. "The government took refuge in the Labor Court system and fled from negotiations." In his opinion, the TST [Superior Labor Court] should not have the power to decide whether a strike is legal or not. "Striking is a guaranteed right."

The federation also wants to abolish the "unions of privilege" that live off the compulsory dues deducted from workers' paychecks. "The federation advocates voluntary payment," he said.

Union Strength (FS) will take advantage of the tough times at its archenemy, CUT, to attempt to raid three of its main arms: oil workers, civil servants, and the landless. FS will develop a specific strategy for each group and is already planning a campaign in several states. The oil workers, worn down by the strike, have been contacted. The landless are tired of "invading" tracts of land and want a viable agrarian reform proposal. Significant resistance to the attack is expected only among the civil servants: Most of CUT's leaders work for the government.

Bank Workers—The Numbers

Private banks	300,000
State banks	130,000
Federal banks	200,000
Private banks	300,000
Average salary	R1,000/mo
Wage floor	R360/mo

Reference date: September 1994

Bank Workers' Reaction

The toll taken by the oil workers' strike has forced the bank workers to study a new strategy for mobilization, in the event that a work stoppage becomes an inevitable part of the category's wage campaign—moved up from September to July. "We are going to conduct a selective and sophisticated strike," announced Ricardo Ribeiro Berzoini, president of the Bank Workers Union of Sao Paulo.

The main objective is to avoid causing losses to bank customers. Because 40 percent of banking transactions are done by computer or telephone, a total paralysis of service would have almost no effect. The union members are thinking about how to conduct a strike that would directly affect the banks or the government, specifically in the cases of the Federal Savings Bank (CEF) and Bank of Brazil (BB).

This strategy would include a refusal to accept tax payments, blocking pass-throughs of government appropriations, and giving indifferent service to large companies—but it would protect pensioners, who would receive their benefits. "Our intention is to hit the nodes of the system," Berzoini said. He believes the situation this year is more tense, particularly in the public sector—in contrast to 1994 and 1993, when agreements avoided a strike. Another tactic being studied is staging work stoppages on alternate days. Berzoini has already completely ruled out the idea of a strike of undetermined length. He believes those two factors—time and service—were the biggest mistakes made by the oil workers. "The oil workers' strike has shown us in advance that the administration will not be moved and is unwilling to talk, but it also warned that strikes cannot end with death."

If the war with the oil workers left the administration more willing to break up the Petrobras [Brazilian Petroleum Corporation] monopoly, then the battle with the public-sector bank workers will be about the end of civil service tenure. "This is a confrontation with an administration proposal and President Fernando Henrique used the strike dishonestly, but effectively," Berzoini admits. "Our challenge will be to overcome that siege."

According to Berzoini, the category's campaign for a pay increase finds a favorable environment among the

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private banks, which gave early pay raises of as much as 16 percent in March and May. The employees of the federal banks, however, have had no such early raises since September 1994, and the presidents of the CEF and BB, Paulo Ximenes and Sergio Cutolo, have not agreed to move up the date of negotiations.

In Brasilia, Lack of Interest

While waiting for the administration to send Congress the constitutional amendment that would end civil servant tenure, the Union of Federal Public Servants in the Federal District (Sindsep) has to resolve an internal problem: the lack of interest in that occupational category. While not forgetting that it must win the sympathy of the general public, Sindsep has been developing a mobilization strategy that would include pickets, marches, seminars, and sit-ins at ministries.

Having hitched its wagon to the most radical factions in the CUT, Sindsep plans to go beyond consciousness-raising to sensitize the 65,000 civil servants that make up its base—only 26,000 of them are unionized. "I hope the ferocity with which the topics in the Constitution under the heading of the Economic Order—issues like telecommunications and petroleum— were dealt with will serve as a warning to the civil servants when it comes time to discuss the chapter on reform of the State," commented Deputy Maria Laura (PT-Federal District), who was elected by government employees.

At the very least, the union's plans include pickets at the doors of ministries. "If that doesn't work, we'll try something more drastic. The idea is to make noise, to occupy some minister's private office," advised Claudio Santana, Sindsep's director of State Enterprises, who is also a vice president of the Federal District chapter of CUT. "Civil servants will have to understand that this time it's not a simply a matter of pay raises. Their very jobs are at stake," he said.

NGO's Suffer as Result of Real Plan

95SM0389A Sao Paulo VEJA in Portuguese
31 May 95 p 93

[Unattributed article: "The Misery of the NGO's"]

[FBIS Translated Text] Brazil's nongovernmental organizations, or NGO's, are living a private-life nightmare. Being nonprofit, they are suffering losses. To get out of the red, they are laying off people, trimming salaries, and cutting expenses. It seems ironic. The most famous of them, IBASE [Brazilian Institute of Social and Economic Analysis], headed by sociologist Herbert de Souza, better known as "Betinho," has now put a dozen people out on the street—from cooks to researchers. This is the same IBASE that, last year, coordinated a campaign against unemployment. According to the NGO's themselves, all this is the fault of the Real Plan and the changes it wrought in Brazil's foreign-exchange policy. Supported basically by funds from international institutions, the NGO's are suffering from the overvaluation of the real in relation to the dollar. Now when they convert the donated dollars into domestic currency, they lose about 12 percent. The budget deficit looks even bigger if you take into consideration the inflation that has accumulated since the launching of the real. "Losses from exchanging dollars and from inflation represent 40 percent of the planned budgets of the NGO's," estimates Silvio Caccia Bava, president of the Brazilian Association of Nongovernmental Organizations, ABONG.

A survey of 70 NGO's taken by ABONG in May portrays the financial collapse. The money available to most of them will not last until the end of the year—21 percent are already operating in the red and the coffers of 58 percent will be empty between June and October. Only 21 percent have enough money to get them to December. According to the ABONG study, 86 percent have cut spending to balance the budget. They are economizing through layoffs, salary compression, cutting projects, and restricting travel, telephone calls, and operating costs. They have even lost physical space. IBASE put a house in the Botofogo neighborhood of Rio de Janeiro up for sale. The dining room at headquarters ceases operations this week. IBASE had anticipated a 1995 budget of 3.5 million reais. So far, however, it has only been able to guarantee a little more than 2.5 million. "Life for the NGO's in Brazil was purgatory. Now it's hell," complained Betinho, who is trying to find jobs for the 12 people he dismissed. "I should be the last one to be in this boat. We did this so as not to have to close everything down."

Misery Elsewhere

With the dismantling of the socialist bloc, the NGO's of Latin America are starting to feel competition from their peers in East Europe. The misery in Africa also attracts the attention of international cooperation agencies. "So, the funds appropriated for Brazil are not keeping pace with the growth of the NGO's here," said Jorge Eduardo Durao, director of FASE, the Federation of Social and Educational Assistance Agencies, an NGO founded in the 1960's. Brazil now has 3,000 to 5,000 NGO's—225 are members of ABONG. With five offices in this country, FASE has lost 700,000 reais since last year and expects to end the year with a deficit of about 400,000 reais. It has already laid off 10 people, and it plans to cut 20 more. It is selling its head offices in Rio Grande do Sul and Para states, and has squeezed the budgets on several programs.

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The NGO's are looking for new ways to raise money. IBASE sells t-shirts, stickers, and appointment books. It provides services to third parties. It asks for help from companies. SOS Corpo, an NGO that promotes women's health and women's rights and has its headquarters in Recife, is another example. In 1994 it launched a campaign against cervical cancer, using TV, radio, and billboards in Pernambuco. The "if you have sex, take precautions" campaign cost 115,000 reais, financed by Unicef and the MacArthur Foundation (14 percent) and by a partnership with public and private corporations. Were it not for the crisis, the campaign would have been fully paid for by foreign donations. "Without those alternative approaches, we would be firing people," said Eleny Xavier Marinho, financial manager of SOS Corpo.

Last weekend, ABONG organized a conference in Rio de Janeiro to discuss the crisis. The best suggestion so far is no secret, although if it were followed it could cause them to change their name. Instead of nongovernmental organizations, it would be more accurate to start calling them semiofficial organizations. This is because they plan to fight for public funding—that same money that both pleases the ruralists, who do not like the TR [Reference Rate], and is missing at Minister Adib Jatene's hospitals. They plan to open the vaults of the Labor Protection Fund, the FGTS [Severance Pay Fund], and the research and development agencies like CNPq [National Research Council]. One proposal that has not yet been put on the table but cannot be discarded is to ask for help from First Lady Ruth Cardoso's Community Solidarity program. Another goal is to arrange partnerships with those entities that every NGO worth its salt dreams of tapping, such as the Bradesco, Roberto Marinho, and Boticario foundations—and others—that have about $100 million a year to spend.

Chile

Foreign Minister Optimistic About Agreement With Mercosur

PY0707015995 Santiago EL MERCURIO in Spanish 21 Jun 95 p C7

[FBIS Translated Text] Chilean Foreign Minister Jose Miguel Insulza stated yesterday that a free trade agreement will be reached with the Common Market of the South (Mercosur) before the end of the year.

He also expressed his appreciation for the European Union's proposal that will permit that commercial bloc and Mercosur to begin negotiating in September 1995 an agreement that could create a free trade zone between the two blocs by the year 2001.

He said that Chile is not interested in negotiating first or on better terms with the European Union, and much less to begin a kind of competition with Mercosur. He said that the proposal of the European Union helps make us think that Chile is in a good position to begin bilateral talks with the 15 European countries.

He said: "The bilateral path has not been ruled out. On the contrary, we are all interested in the possibility of a binational agreement."

Insulza referred to these issues in Santiago, after having represented President Eduardo Frei Ruiz-Tagle at the Mercosur summit held in Sao Paulo that was organized by the World Economic Forum.

Concerning the discrepancies that have emerged between Brazil and Argentina due to the latest measures announced by Brazil to protect its automobile industry, Insulza expressed confidence that they will not affect Mercosur or the talks with Chile.

He said that the governments of Brazil and Argentina have already set a meeting for next month, during which they expect to overcome the discrepancies that had emerged, and that in fact the measure to increase taxes on automobile imports has been frozen for Argentina.

Concerning the development of negotiations seeking Chilean association with Mercosur, Insulza said that the issue of the lists of exception, and of sensitive products that will be submitted to a slower tariff lifting process, will be resolved within the next few months.

He added that as in any other negotiations, special committees have been organized by subject, although no decision has yet been made on whether there should be bodies to deal with matters such as services, which are not included in the structure of the Mercosur pact, and investments.

He said that Chile hopes nevertheless that some measures that might express the political desire of Mercosur to further progress in other areas, such as services, might be added to the strictly commercial agreement.

He said: "The situation is that (the negotiations) are developing well, and I hope that within a couple of months we will solve both the problem of the list of exceptions and that of the draft bill on the treaty, which we might be able to improve before signing an agreement by the end of the year."

The physical infrastructure issue will be reactivated this current month within the framework of the binational commission with Argentina, as agreed upon at the latest meeting of the ACE [expansion unknown] Administration Council that was held last week in Buenos Aires.

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Senators Meet Mexican Counterparts To Discuss NAFTA

PY0707005395 Santiago EL MERCURIO in Spanish 21 Jun 95 p C4

[FBIS Translated Excerpt] According to an EFE report, Chilean and Mexican senators said that Chile's possible entry into NAFTA must be negotiated by mutual agreement with Mexico, so as not to affect the economy of these nations.

Chilean Senate Finance Commission President Andres Zaldivar Larrain said: "We need to act in a joint manner to safeguard our own interests and mutual aid."

Chile, the first country of the American continent to sign a free trade agreement with Mexico, wants to join NAFTA, in accordance with the clauses that rule the entry of new partners.

To learn about the Mexican experience within NAFTA, which was implemented in January 1994, establishing a market of over 360 million potential consumers, a Chilean congressional delegation on 19 June visited the Mexican Senate, which is in charge of approving the treaties signed by Mexico.

The Chilean congressmen expressed to the Mexicans their country's interest in joining NAFTA, taking advantage at all times of the Mexican experience and of the benefits that agreement has brought concerning trade.

The congressmen from the two countries agreed that Chile's possible entry into NAFTA, the organization creating the largest commercial bloc in the world, should not imply the full reopening of negotiations, as that could be self-defeating.

Mexican Senator Rodolfo Becerril Straffon proposed that the negotiations for Chile's entry into NAFTA not jeopardize the two countries' situation with relation to the Mexican economy.

According to Becerril, Mexico and Chile must think of an agreement between us two (the two Latin American countries) in order to afterward be able to negotiate with the big partner.

The Chilean senators asked the Mexicans for their opinion on the operation of NAFTA, especially concerning agriculture and livestock.

Mexican Senator Angel Sergio Guerrero told the Chileans that Mexico feels there are some aspects of NAFTA that could be revised, as they have not functioned adequately.

Becerril Straffon said that NAFTA, for instance, has not yet been able to eliminate the imbalances among the economies of the three countries, and admitted that Mexican industry has not yet achieved the desired export levels.

Concerning NAFTA's impact on Mexican agriculture and livestock, one of the points on which the Chileans expressed greatest interest, Mexican Senator Hugo Andres Araujo explained that despite the deadlines established for the lifting of tariffs according to the agreement, Mexico decided to grant subsidies again.

After listening to the Mexican comments, Chilean senators Sebastian Pinera and Jaime Gazmuri reported that their country seeks not only to encourage trade but also investment.

Expressing the need for bilateral negotiations before its entry into NAFTA, Chilean Senator Arturo Alessandri said: "We are not interested in reorganizing NAFTA, nor would we want to destabilize the situation to the detriment of Mexico." [passage omitted]

Insulza Optimistic Over 'Fast Track' NAFTA Talks With U.S.

PY0607225795 Santiago EL MERCURIO in Spanish 23 Jun 95 p C5

[FBIS Translated Excerpt] The government trusts that the Letelier case will not have a negative impact on the debate being held in the U.S. Congress over the possibility of granting "fast track" authority to President Clinton to negotiate, in what concerns the United States, Chile's entry into NAFTA.

According to Foreign Minister Jose Miguel Insulza, comments made by some representatives on the situation that Chile is experiencing in the Letelier case were normal. He also expressed his optimism that the debate process would end well.

The other subject that the foreign minister mentioned was the statement made yesterday by U.S. Ambassador Gabriel Guerra-Mondragon, who said that his government is reportedly "half satisfied" with the implementation, so far, of the judicial ruling that sentenced to seven and six years in prison, respectively, former National Intelligence Directorate (DINA) Chief Manuel Contreras and Dina Operations Chief Pedro Espinoza.

Insulza said on this matter: "Whether or not the U.S. ambassador is satisfied is not the Foreign Ministry's problem. He has his opinion, and can express it whenever he wants." [passage omitted]

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Frei Appoints General Rojas Vender Air Force Commander

PY0707025295 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 7 Jul 95

[FBIS Translated Text] President Eduardo Frei today appointed General Fernando Rojas Vender as the new commander of the Chilean Air Force. The change of command ceremony will be held on 31 July.

[Being recording] [Aviation Under Secretary Mario Fernandez] Today President Eduardo Frei conveyed to Gen. Fernando Rojas Vender his decision to appoint him commander of the Chilean Air Force.

[Unidentified reporter] Unexpectedly and without drama, the government disclosed the name of the officer who will replace Air Force Commander General Ramon Vega. A few moments before the announcement, President Frei personally conveyed his decision to Gen. Rojas Vender in a brief meeting held in the last few hours.

[Defense Minister Edmundo Perez Yoma] This is a sovereign decision by the president, in accordance with the Constitution. His appointment was thoroughly studied and decided by the president in accordance with his best judgment.

[Reporter] President Frei had to chose Gen. Vega's successor from the top five senior officers of the Air Force, and Gen. Rojas Vender headed the list. He is 60 years old, has five children, and is described as introverted and studious. Gen. Rojas has for the last four years been Air Force chief of staff. Last year he was not retired, as he should have been, because the government implemented the Canesa Law, thus allowing him to continue in the institution. Since then he has become the officer to replace Gen. Vega. For the time being the Air Force is the only institution of the Armed Forces that is affected by the permanent regulations of the Constitution. In other words, the president can appoint the Air Force commander. The commanders of the other institutions cannot be replaced until 1998, based on the temporary regulations of the Constitution. These regulations also affected the Air Force until the then Air Force commander, General Fernando Matthei, resigned his command. Therefore, as of 1998 the commanders of the two other institutions will also be appointed by the president to four-year terms. [end recording]

President Frei Answers Criticism on Contreras Case

PY0607233495 Santiago EL MERCURIO in Spanish 22 Jun 95 p C3

[FBIS Translated Excerpt] President Eduardo Frei said yesterday that Chilean credibility abroad is based essentially on the fact that steps toward development are being made within the framework of democracy.

This is how President Frei came out against those who believe that Chile is only a business center where the stability of the political regime and the strength of the institutions are not taken into account by the foreign investors.

He also labeled the reaction from businessmen and workers during the recent events as "healthy and realistic" because of the fact that all judicial rulings must be enforced.

President Frei responded indirectly to the criticism against the government on the Contreras case in relation to exaggerated comments about the possible damage to our international image created by this case.

This possibility was put forward yesterday by Jose Antonio Guzman, president of the Production and Trade Confederation, who questioned the president's decision to cancel his trip to Sao Paulo to attend a business meeting of Mercosur [Common Market of the South].

During a speech delivered at CEPAL [Economic Commission for Latin America] during a seminar on the challenges facing Chile in the international economic context, President Frei elaborated on the challenge, and again called on businessmen not to seek easy success. [passage omitted]

Deputies Reject French Resumption of Nuclear Tests

PY0607231495 Santiago EL MERCURIO in Spanish 22 Jun 95 p C5

[FBIS Translated Excerpt] Valparaiso — The Chamber of Deputies has unanimously and categorically rejected the resumption of nuclear tests on the atoll of Mururoa. It has also requested that the French Government uphold the moratorium that is in force.

Moreover, it has also decided to coordinate actions with the congresses of other countries affected by these nuclear tests, with the Latin American Parliament, and with the World Parliamentary Union to impede the staging of these nuclear tests.

The Congressional Environment Committee also asked Foreign Minister Jose Miguel Insulza to conduct studies

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to determine how such a decision might violate international treaties in force and affect the Chilean maritime patrimony.

At the time, Insulza reasserted that the Chilean Government is coordinating actions with other Latin American countries with coasts on the Pacific Ocean so that the French Government might reconsider its decision.

He added that President Eduardo Frei will answer French President Jacques Chirac's letter in which he explains the reasons that led him to adopt this decision, which has been widely condemned by the entire world. [passage omitted]

Uruguay

Foreign Minister Discusses Denver Summit

PY0607134995 Montevideo EL OBSERVADOR in Spanish 29 Jun 95 p 10

[Interview with Foreign Minister Alvaro Ramos by F. Gutierrez and P. Silva; place and date not given]

[FBIS Translated Text] [EL OBSERVADOR] Why will Uruguay participate in the continental summit in Denver?

[Ramos] There is no specific Uruguayan interest in the official part of the meeting, in the sense that we do not have to fight to defend an area or a product. We will discuss how to proceed with the American initiative to create a free trade zone. We will discuss a schedule and how to go about it. Uruguay will suggest, without conditioning our support or agreement to the need to create a continental free trade zone, that we must avoid demagogic positions and the attitude of just talking about it. This position has important commercial, political, and juridical implications. We have organizations like ALADI [Latin American Integration Association] which are already working on this goal and we have integration processes that are moving forward and consolidating — like Mercosur [Common Market of the South]. We say yes, but let us be pragmatic; yes, but let us progress recognizing the subregional integration processes; yes, but recognizing that subregional blocks have their own schedule, their own dynamism, and something very important that we cannot lose: the credibility of our private sectors.

[EL OBSERVADOR] Do you think this summit will define a schedule for negotiating lower custom duties?

[Ramos] It is good to progress, but everything depends on what topics are included in the agenda. We do not agree on the need to incorporate environmental or labor policies, for instance, to the discussion on free trade. We think it is important to progress in the area of mutual reduction of tariffs, but knowing that here we have elements that must be considered. Mercosur has a common commercial policy, NAFTA is not a customs union and has a different strategy, the Andean Pact is another reality. These are elements on the agenda that must be coordinated. Politically speaking, there is room for progress, it would be good if we can progress.

[EL OBSERVADOR] Are there any compatibility problems between continental integration processes among themselves or with the EU?

[Ramos] They are all compatible. We do not expect clashes. Besides, we administer our own negotiating processes.

This is the picture we see: Nations approved the Uruguay Round of GATT talks then established new rules for free trade around the world; then they established concessions for some countries and eliminated non-tariff barriers. We still have not yet totally incorporate the results of the Uruguay Round talks and we are already opening two or three negotiating processes simultaneously.

What I am saying is that all negotiating processes must respect the GATT negotiations and the GATT concessions. We should be careful not to lose in this parallel negotiations what we obtained in a difficult 8-year process at the Uruguay Round of GATT talks.

[EL OBSERVADOR] Uruguay has always defended the idea that anyone wanting a privileged access to the Mercosur market must pay before entering the block. Do we not risk losing these benefits in a continental negotiation?

[Ramos] That risk exists. This is why we must be extremely careful. Our negotiators in Washington, as well as those in Europe, have precisely that point in mind: To prevent violations of the Mercosur agreement.

When I speak about private sector credibility I refer specifically to this issue. We must ensure that negotiations do not end up by eliminating the advantage we have with the customs union. We must be careful not to start slowly and imperceptibly losing this advantage.

[EL OBSERVADOR] How can we avoid that?

[Ramos] First, we must ensure that negotiations involve all members and we implement mechanisms that will operate gradually in order to permit the consolidation of the benefits obtained through the customs union. This implies some degree of freedom and sovereignty over this common commercial policy. This is necessary to preserve the benefits we now have. It will serve no purpose to give away part of our freedom and pay

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the cost of a common external tariff if we then give away benefits that relate to a permanent access to our extended market, and new commercial agreements. We have two negotiating scenarios: One inside Mercosur and one outside.

[EL OBSERVADOR] Uruguay has always criticized social dumping by other countries, but it now opposes a U.S. proposal to establish rules against this unfair practice. Why?

[Ramos] I do not accept that Uruguay has a tradition on social dumping, although I recognize that some private companies might want to implement some unfair practices. An official report states that some countries implement social dumping through legislative mechanisms that we cannot implement here.

Those issues were discussed at length during the Uruguay Round of GATT talks without reaching any agreement. I am afraid that what we see as a problem elsewhere could be seen tomorrow as a real problem here. For instance, today we can argue that Asians implement social dumping, but tomorrow the United States might say that Uruguayan legislation favors social dumping and close its markets, something today we want to preserve.

The issue is still new. It is not easy to prove. We do not have clearly established mechanisms to solve controversies. It will be difficult to progress if those items are not defined at the WTO. Bilateral agreements could set a precedent or establish a doctrine that might later be turned against us. We are not free of the possibility of being accused of social dumping with some particular product in an area where we have competitive advantages. And where are we going to prove that this is not so? At what court? Where are we going to complain if some country closes its market to us?

The same thing occurs with the environment. The issue might be used to create unsurmountable tariff barriers. We might be competitive with a product based on a policy that in theory protects the environment, but which is difficult to prove. Or we might be forced out of a market because the container of the products ends up contaminating the environment. All these issues are still new.

Venezuela

Brazilian President Completes First Day of Visit

PA0607132995 Caracas Venezolana de Television Network in Spanish 0200 GMT 5 Jul 95

[Report by Pedro Prado from "The News" newscast]

[FBIS Translated Text] The Brazilian president's visit to Venezuela is a good sign that the two countries are on the right track toward the integration of this extensive geographic region, which has abundant natural resources, and that their fraternal relations are marked by agreement on political and economic issues.

Venezuela is on the right track. Credibility, confidence, and understanding should be recovered. That is the opinion of Brazilian President Fernando Henrique Cardoso, who completed the first day of his visit to the country. He visited the national pantheon, met with President Rafael Caldera, and installed the binational commissions, which signed nine agreements for cooperation and trade in various areas: an international transportation agreement; the declaration of a free trade area; an agreement to sponsor and protect investments; a border trade and cooperation agreement; an agreement to develop telecommunications; a budget planning agreement; and an agreement for cooperation in the Orinoco and Amazon regions. President Cardoso had previously stressed the importance of these agreements at Congress:

[Begin Cardoso recording] More importantly, as countries committed to the championing of democracy, development, and economic freedom, we concur with prevailing trends of modern history, and we can calmly become part of the economic integration and political unity in Latin America and the hemisphere.

Brazilians, as Venezuelans, recognize that Bolivar was the statesman and intellectual of America, a man of action who incessantly sought to give our continent an identity and a place among the world's nations. [end recording]

The two presidents also signed the Declaration of Caracas, the Miraflores Charter, and the Protocol of Intent between Petrobras [Brazilian Petroleum Corporacion] and PDVSA [Venezuelan Petroleum Inc.]:

[Begin recording] [President Rafael Caldera] I believe that our economic market opening, perfectly well reasoned and decided, to foreign investments and economic development does not prevent us from remembering that the main goal of a good government is the happiness and welfare of the people and that man is the basic and priority goal of all the decisions adopted in the country.

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[PDVSA President Luis Giusti] It is an ample list of plans that may lead to the creation of joint ventures—this does not represent the position of the two enterprises; that point should be quite clear—to carry out specific plans that may be of interest to the two parties. [end recording]

The Brazilian Senate must first give its approval to formally establish a joint venture between Petrobras and PDVSA.

World Bank Representative on Participation in Programs

PA0607134695 Caracas Venezolana de Television Network in Spanish 0200 GMT 5 Jul 95

[Report by Zayda Pereira from "The News" newscast]

[FBIS Translated Text] Bruce Carlson, the World Bank representative in Venezuela, said the organization's participation in priority programs for Venezuela can be reviewed.

Carlson said the participation of multilateral organizations to help our country is achieved by increasing loans, because there are priority areas such as health, education, the environment, and agriculture; therefore, there are three new projects—reforms of the health sector, agriculture, and parks system—and two projects in the water supply sector, one in Monagas state, the another in Caracas, which involves $200 million. Nevertheless, a proposal was made to increase the organization's contribution, because most of the projects involve a 50 percent contribution from the World Bank, and the other 50 percent is a contribution from Venezuela.

[Begin Carlson recording] The percentages do not always have to be exactly 50-50; instead, it depends.... [pauses] They can sometimes be 40-60 or, in the case of a social development project, they can be 20-80. The 20 percent can be financed with the 80 percent loan for the activities and purchases within that social development project. [end recording]

According to Carlson, this could be carried out in the social development projects, and alternatives are being studied.

Government Reinstates Constitutional Guarantees

PA0607180895 Caracas Venezolana de Television Network in Spanish 1615 GMT 6 Jul 95

[Text of Executive Decree No. 739 issued by Venezuelan President Rafael Caldera in Caracas on 6 July; read by Andres Caldera Pietri, secretary of the Presidency, at Miraflores Presidential Palace in Caracas — live relay]

[FBIS Translated Text] Decree No. 739. President of the Republic Rafael Caldera, in exercising the authority vested in him by Article 243 of the Constitution and within the Council of Ministers:

Whereas the serious financial and economic crisis led the executive branch to suspend constitutional guarantees temporarily, until such legal means needed to face said crisis were enacted;

Whereas congressional approval of the Consumer Protection Law, the Currency Exchange System Law, and the Financial Emergency Management Law provides the executive branch with the legal instruments with which to face said crisis, whose causes have not yet been overcome;

Whereas to ensure the adequate protection of our borders, the current situation in the border municipalities, which were declared the theater of conflict and theater of operations No. 1, requires the suspension of constitutional guarantees to continue, as established in Paragraph 1 of Article 60, and Articles 62 and 64 of the Constitution;

Hereby decrees:

Article 1. The guarantees stipulated in Paragraph 1 of Article 60 of the Constitution and the guarantees stipulated in Articles 62, 64, 96, 99, and 101 of the Constitution will be restored nationwide with the exception of stipulations in the following article.

Article 2. The suspension of the guarantees established in Paragraph 1 of Article 60 of the Constitution and those established in Articles 62 and 64 of the Constitution in the autonomous municipalities of Rosario de Perija and Catatumbo in Zulia State; Garcia de Ebia, Pedro Maria Ureno, Bolivar, Panamericano, and Fernandez Feo in Tachira State; Paez, Pedro Camejo, and Romulo Gallegos in Apure State; and Atures, Atuana, Manapiare, Atabapo, Alto Orinoco, and Guaimia in Amazonas State will continue.

This decree was issued in Caracas on 6 July 1995, the 185th anniversary of independence and the 136th anniversary of the federation.

[Signed] President Rafael Caldera

[Countersigned] Minister of Interior Ramon Escovar Salom; Foreign Minister Miguel Angel Burelli Rivas; Minister of Finance Luis Raul Matos Azocar; Minister of Defense Brigadier General Moises Orozco Graterol; Minister of Development Werner Corrales Leal; Minister of Education Antonio Luis Cardenas; Minister of

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Health and Social Welfare (?Carlos Balter); Minister of Agriculture and Livestock Raul Alegrett Ruiz; Minister of Labor Juan Nepomuceno Garrido; Minister of Transport and Communications Ciro Zaa Alvarez; Minister of Justice Ruben Creixems Savignon; Minister of Energy and Mines Erwin Jose Arrieta Valera; Minister of Environment and Renewable Natural Resources Roberto Perez Lecuna; Minister of Urban Development Francisco Gonzalez; Minister of Family Mercedes Pulido de Briceno; Minister Secretary of the Presidency Andres Caldera Pietri; Minister of State Pompeyo Marquez Millan; Minister of State Guillermo Alvarez Bajares; Minister of State Herman Luis Soriano Valeri; Minister of State Jose Guillermo Andueza; Minister of State Guido Arnal Arroyo; Minister of State Maria del Pilar Iribarren de Romero; Minister of State Julio Sosa Rodriguez; and Minister of State Edgar Paredes Pizzani

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